

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2023

NEW ISSUE – BOOK-ENTRY ONLY

**RATING: S&P: “__”
See the caption “RATING”**

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum taxes. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes. See the caption “TAX MATTERS.”

\$ _____*
**CORONA UTILITY AUTHORITY
2023 WATER REVENUE REFUNDING BONDS
(WATER PROJECTS)**

Dated: Date of Issuance

Due: September 1, as set forth on the inside front cover page

The 2023 Bonds are being issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2023 Bonds will not receive securities representing their beneficial ownership in the 2023 Bonds purchased. Interest on the 2023 Bonds is payable on September 1, 2023 and each March 1 and September 1 thereafter, until their maturity. The principal of and interest on the 2023 Bonds are payable by the Trustee to Cede & Co. and such interest and principal payments are to be disbursed to the Beneficial Owners of the 2023 Bonds through their nominees.

The 2023 Bonds are *not* subject to redemption prior to maturity.

The 2023 Bonds are being issued to provide moneys: (i) to refund all of the outstanding Corona Utility Authority 2012 Water Revenue Bonds (Water Projects); and (ii) to pay costs of issuance of the 2023 Bonds, all as more fully described in this Official Statement.

The 2023 Bonds are being issued pursuant to the Indenture of Trust, dated as of June 1, 2023, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2023 Bonds are a special limited obligation of the Utility Authority payable solely from Net Revenues of the Water Enterprise on a parity with payments under a loan contract with the State Water Resources Control Board, and from certain other funds and accounts held by the Trustee pursuant to the Indenture. The Water Enterprise is operated by the City’s Department of Water and Power on behalf of the Utility Authority, which leases the Water Enterprise from the City pursuant to the Water Enterprise Lease Agreement. Neither the full faith and credit nor any other revenues or funds of the Utility Authority are pledged to or available for the payment of debt service on the 2023 Bonds. The obligation of the Utility Authority to make payments of principal and interest on the 2023 Bonds does not constitute an obligation for which the Utility Authority is obligated to levy or pledge any form of taxation or for which the Utility Authority has levied or pledged any form of taxation. The Utility Authority has no taxing power.

The 2023 Bonds are not a debt of the City of Corona, the County of Riverside, the State of California or any of its political subdivisions in contravention of any constitutional or statutory limitations, and none of the City, said County, said State nor any of its political subdivisions is liable on the 2023 Bonds, nor in any event will the 2023 Bonds be payable out of any funds or properties of the Utility Authority other than the Net Revenues.

No debt service reserve fund or account has been established in connection with the issuance of the 2023 Bonds.

The Utility Authority may incur additional obligations payable from Net Revenues on a parity with the obligation to pay principal of and interest on the 2023 Bonds in the future, subject to the terms and conditions of the Indenture, as more fully described in this Official Statement.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE – See Inside Front Cover Page

The 2023 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the 2023 Bonds by Best Best & Krieger LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney, for the Underwriter by its counsel, Kutak Rock LLP, and for the Trustee by its counsel. It is anticipated that the 2023 Bonds will be available for delivery through the facilities of The Depository Trust Company on or about June 8, 2023.

STIFEL

Dated: May __, 2023

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$ _____*

CORONA UTILITY AUTHORITY
2023 WATER REVENUE REFUNDING BONDS
(WATER PROJECTS)

MATURITY SCHEDULE

BASE CUSIP®† 219707

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP®* Suffix</i>
2023	\$	%	%		
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					

* Preliminary, subject to change.

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**CITY OF CORONA
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

Tony Daddario, *Mayor, District 2*
Tom Richins, *Vice Mayor, District 3*
Jacque Casillas, *Council Member, District 1*
Jim Steiner, *Council Member, District 4*
Wes Speake, *Council Member, District 5*

STAFF

Jacob Ellis, *City Manager*
Chad Willardson, *City Treasurer*
Kim Sitton, *Finance Director*
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Dean Derleth, Esq., *City Attorney*

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CSG Advisors Incorporated
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Trustee/Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the Utility Authority, the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the Utility Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Utility Authority or the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2023 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The 2023 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2023 Bonds have not been registered or qualified under the securities laws of any state. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act.

The City maintains a website and certain social media accounts. However, the information presented there is for informational purposes only, is not part of this Official Statement and must not be relied upon in making an investment decision with respect to the 2023 Bonds.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the 2023 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms that are used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The 2023 Bonds are being issued to provide moneys: (i) to refund all of the outstanding Corona Utility Authority 2012 Water Revenue Bonds (Water Projects); and (ii) to pay costs of issuance of the 2023 Bonds, all as more fully described herein. See the caption “PLAN OF FINANCE.”

Security for the 2023 Bonds. The 2023 Bonds are a special limited obligation of the Utility Authority payable solely from Net Revenues of the Water Enterprise on a parity with payments under a loan contract with the State Water Resources Control Board, and from certain other funds and accounts held by the Trustee pursuant to the Indenture. Neither the full faith and credit nor any other revenues or funds of the Utility Authority are pledged to or available for the payment of debt service on the 2023 Bonds. The obligation of the Utility Authority to make payments of principal and interest on the 2023 Bonds does not constitute an obligation for which the Utility Authority is obligated to levy or pledge any form of taxation or for which the Utility Authority has levied or pledged any form of taxation. The Utility Authority has no taxing power.

The 2023 Bonds are not a debt of the City of Corona, the County of Riverside, the State of California or any of its political subdivisions in contravention of any constitutional or statutory limitations, and none of the City, said County, said State nor any of its political subdivisions is liable on the 2023 Bonds, nor in any event will the 2023 Bonds be payable out of any funds or properties of the Utility Authority other than the Net Revenues.

See the caption “SECURITY FOR THE 2023 BONDS.”

Rate Covenant. The Utility Authority will fix, prescribe, revise and collect rates and charges for the services and facilities furnished by the Water Enterprise, or cause the City to do so, during each Fiscal Year which are sufficient to yield Net Revenues, at least equal to 125% of Debt Service (including the payments of principal of and interest on the 2023 Bonds) becoming due and payable during such Fiscal Year. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant.”

Outstanding Parity Obligations. The obligation of the Utility Authority to pay the 2023 Bonds from Net Revenues is on a parity with the obligation of the Utility Authority to make payments on a loan contract with the State Water Resources Control Board maturing in 2025 which was outstanding in the principal amount of \$7,317,022 of June 30, 2022.

Additional Contracts and Bonds. The Indenture does not permit the Utility Authority to issue or incur any bond, note, warrant evidence of indebtedness, contract, instrument or other agreement payable from Net Revenues the payment of which is prior to and senior to the payment of principal of and interest on the 2023 Bonds. The Indenture permits the Utility Authority to incur Parity Obligations payable on a parity with the payments of principal of and interest on the 2023 Bonds provided that certain conditions are satisfied as described in the Indenture. See the caption “SECURITY FOR THE 2023 BONDS—Additional Indebtedness.”

No Reserve Fund. No debt service reserve fund or account has been established in connection with the issuance of the 2023 Bonds.

No Redemption. The 2023 Bonds are not subject to redemption prior to maturity.

The Water Enterprise. The Water Enterprise supplies: (i) potable water to approximately 37,232 single family residential customers, 3,989 multi-family residential customers and 4,639 commercial, industrial, public agency, agricultural and other customers; and (ii) reclaimed water to approximately 396 commercial, industrial, public agency, irrigation, agricultural and other customers.

The City has three sources of water: (a) treated and untreated water that is purchased from Western Municipal Water District (“**WMWD**”), a member agency of The Metropolitan Water District of Southern California (“**MWD**”); (b) well and treatment facilities that pump and treat groundwater for City use; and (c) reclaimed water that is produced from treated wastewater of the City’s wastewater system. See the caption “**THE WATER ENTERPRISE—Water Supply.**”

The potable water system of the Water Enterprise includes 26 wells, 4 water treatment plants, 851 miles of transmission and distribution pipelines, 18 potable water storage tanks, 19 booster pump stations and 37 pressure reducing stations. The reclaimed water system of the Water Enterprise includes 55 miles of transmission pipelines, 4 water storage tanks and 6 booster pump stations.

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**CORONA UTILITY AUTHORITY
2023 WATER REVENUE REFUNDING BONDS
(WATER PROJECTS)**

INTRODUCTION

This Official Statement, including the front cover page, the inside front cover page and all appendices, provides certain information concerning the sale and delivery of the Corona Utility Authority 2023 Water Revenue Refunding Bonds (Water Projects) (the “**2023 Bonds**”). The 2023 Bonds are being issued pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and an Indenture of Trust, dated as of June 1, 2023 (the “**Indenture**”), by and between the Corona Utility Authority (the “**Utility Authority**”) and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the “**Trustee**”).

The 2023 Bonds are being issued to provide moneys: (i) to refund all of the outstanding Corona Utility Authority 2012 Water Revenue Bonds (Water Projects) (the “**2012 Bonds**”); and (ii) to pay costs of issuance of the 2023 Bonds. See the caption “PLAN OF FINANCE.”

The 2023 Bonds are limited obligations of the Utility Authority payable solely from Net Revenues of the Water Enterprise, consisting of all of the Gross Revenues of the Water Enterprise minus the amount required to pay all Direct Costs and Allocated Costs of the Water Enterprise, and from certain other funds and accounts held by the Trustee pursuant to the Indenture. The Water Enterprise is operated by the City of Corona (the “**City**”) Department of Water and Power (the “**Utilities Department**”) on behalf of the Utility Authority, which leases the Water Enterprise from the City pursuant to the Water Enterprise Lease Agreement described under the caption “SECURITY FOR THE 2023 BONDS—Net Revenues Consist of Gross Revenues Minus Direct Costs and Allocated Costs.”

The obligation of the Utility Authority to pay principal of and interest on the 2023 Bonds is payable from Net Revenues on a parity with payments under State Revolving Fund Loan Contract No. C-06-4802-110, dated June 10, 2003 (the “**SRF Loan**”), with the State Water Resources Control Board (the “**SWRCB**”). Neither the full faith and credit nor any other revenues or funds of the Utility Authority are pledged to or available for the payment of debt service on the 2023 Bonds. The obligation of the Utility Authority to make payments of principal and interest on the 2023 Bonds does not constitute an obligation for which the Utility Authority is obligated to levy or pledge any form of taxation or for which the Utility Authority has levied or pledged any form of taxation. The Utility Authority has no taxing power.

The Bonds are not a debt of the City, the County of Riverside (the “**County**”), the State of California (the “**State**”) or any of its political subdivisions in contravention of any constitutional or statutory limitations, and neither the City, said County, said State nor any of its political subdivisions is liable on the 2023 Bonds, nor in any event will the 2023 Bonds be payable out of any funds or properties of the Utility Authority other than the Net Revenues.

No debt service reserve fund or account has been established in connection with the issuance of the 2023 Bonds.

See the caption “SECURITY FOR THE 2023 BONDS.”

The Indenture permits the Utility Authority to incur Parity Obligations payable on a parity with the payments of principal of and interest on the 2023 Bonds provided that certain conditions are satisfied as

* Preliminary, subject to change.

described in the Indenture. See the caption “SECURITY FOR THE 2023 BONDS—Additional Indebtedness.”

The 2023 Bonds are *not* subject to redemption prior to maturity. See the caption “THE 2023 BONDS—No Redemption.”

The summaries and references to the Indenture and all documents, statutes, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to the full Indenture or the respective document, statute, report or instrument, copies of which are available for inspection at the offices of the City in Corona, California or from the Trustee upon request and payment of duplication cost. The capitalization of any word that is not conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning that is given to it in the Indenture. See Appendix B for a summary of the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the City.

The City regularly prepares a variety of reports, including audits, budgets and related documents. Any registered owner of the 2023 Bonds may obtain a copy of such reports, as available, from the Trustee or the City. Additional information regarding the Official Statement may be obtained by contacting the Trustee or the City of Corona, 400 S. Vicentia Avenue Corona, California 92882, Attention: Finance Department.

Pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”), the Utility Authority has undertaken to provide annual reports and notice of certain enumerated events to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“**EMMA**”) pursuant to a continuing disclosure certificate. See the caption “CONTINUING DISCLOSURE” and Appendix E.

PLAN OF FINANCE

The Refunding Plan

The 2012 Bonds, which are currently outstanding in the aggregate principal amount of \$21,610,000, were issued pursuant to an Indenture of Trust, dated as of July 1, 2012 (the “**2012 Indenture**”), by and between the Utility Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**2012 Trustee**”). The 2012 Bonds are payable from Net Revenues of the Water Enterprise.

The City plans to apply a portion of the proceeds of the 2023 Bonds, together with Utility Authority moneys, to redeem and defease the outstanding 2012 Bonds as of the date of issuance of the 2023 Bonds. The 2012 Bonds are described in the following table.

<i>Principal Payment Date (September 1)</i>	<i>CUSIP®[†] (29634E)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Redemption Price</i>
2023	AL0	\$ 1,740,000	5.000%	100%
2024	AM8	1,830,000	5.000	100
2025	AN6	1,915,000	4.000	100
2026	AP1	1,990,000	5.000	100
2027	AQ9	2,095,000	5.000	100
2028	AR7	2,200,000	4.000	100
2029	AS5	500,000	3.000	100
2029	AV8	1,790,000	5.000	100
2030	AT3	2,395,000	5.000	100
2032	AU0	<u>5,155,000</u>	5.000	100
TOTAL		\$21,610,000		

On or about the date of issuance of the 2023 Bonds, the Utility Authority will deliver a portion of the proceeds of the 2023 Bonds and certain other moneys held by the Utility Authority to the 2012 Trustee. The 2012 Trustee will apply such moneys to pay the principal of the 2012 Bonds, plus interest accrued to such date, without premium (the “**2012 Bonds Redemption Price**”), on or about June __, 2023.

Sufficiency of the deposit for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”), and the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited with the 2012 Trustee to pay the 2012 Bonds Redemption Price. Assuming the accuracy of such computations, as a result of the application of funds as provided above, the 2012 Bonds will be defeased pursuant to the provisions of the 2012 Indenture as of the date of issuance of the 2023 Bonds.

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Estimated Sources And Uses Of Funds

The following table sets forth the estimated sources and uses of funds relating to the 2023 Bonds and other moneys:

Sources:

Principal Amount	\$
Plus/Less Net Original Issue Premium	
Other Moneys ⁽¹⁾	
Total Sources	\$

Uses:

Transfer to 2012 Trustee to Redeem 2012 Bonds	\$
Costs of Issuance ⁽²⁾	
Total Uses	\$

⁽¹⁾ Reflects moneys held in funds and accounts established under the 2012 Indenture and other Utility Authority moneys.

⁽²⁾ Includes Underwriter's discount and certain legal, municipal advisory, rating agency, printing and other financing-related costs.

Source: Underwriter.

THE 2023 BONDS

General Provisions

The 2023 Bonds will be dated as of their date of initial issuance, will bear interest from such date at the rates per annum set forth on the inside front cover page hereof, payable on September 1, 2023 and each March 1 and September 1 thereafter (each, an "**Interest Payment Date**"), and will mature on the dates set forth on the inside front cover page hereof. Interest on the 2023 Bonds will be computed on the basis of a 360 day year composed of twelve 30 day months.

The 2023 Bonds will be issued only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the 2023 Bonds. Ownership interests in the 2023 Bonds may be purchased in book-entry form, in any integral multiple of \$5,000. See the caption "**—Book-Entry Only System**" below and Appendix D.

Interest on the 2023 Bonds will be payable semi-annually calculated based on a 360-day year of twelve thirty-day months on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the 15th calendar day of the month preceding such Interest Payment Date (each, a "**Record Date**"), such interest to be paid by check of the Trustee mailed by first class mail to the Owner on the Interest Payment Date at the address of such Owner as it appears on the Registration Books; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the continental United States of America to any Owner of 2023 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of any 2023 Bond and any premium upon redemption will be paid by check of the Trustee upon presentation and surrender thereof at the Trust Office. Principal of and interest and premium (if any) on the 2023 Bonds will be payable in lawful money of the United States of America.

Each 2023 Bond will be dated as of the Closing Date and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before August 15, 2023, in which event it will bear interest from its

Date of Delivery; provided, however, that if, as of the date of authentication of any 2023 Bond, interest thereon is in default, such 2023 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Transfers and Exchanges Upon Termination of Book-Entry Only System

In the event that the book-entry system that is described herein is discontinued, the 2023 Bonds will be printed and delivered as provided in the Indenture. Thereafter, any 2023 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any 2023 Bond or Bonds is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new 2023 Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the 2023 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing 2023 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer will be paid by the Authority. The cost of printing 2023 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange will be paid by the Authority.

Any 2023 Bond may be exchanged at the Trust Office for a like aggregate principal amount of 2023 Bonds of other authorized denominations and of like maturity. The Trustee will require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

No Redemption

The 2023 Bonds are *not* subject to optional or mandatory sinking fund redemption prior to maturity.

Book-Entry Only System

One fully-registered 2023 Bond of each maturity will be issued in the principal amount of the 2023 Bonds of such maturity. Such 2023 Bond will be registered in the name of Cede & Co. and will be deposited with DTC. As long as the ownership of the 2023 Bonds is registered in the name of Cede & Co., the term “**Owner**” as used in this Official Statement will refer to Cede & Co. and not to the actual purchasers of the 2023 Bonds (the “**Beneficial Owners**”).

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2023 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. See the caption “—Transfers and Exchanges Upon Termination of Book-Entry Only System.”

The City cannot and does not give any assurances that DTC Participants or others will distribute payments of principal of and interest on the 2023 Bonds received by DTC or its Nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners (as such term is defined in Appendix D), or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D for additional information concerning DTC.

DEBT SERVICE PAYMENT SCHEDULE

Set forth below is an annualized schedule of principal of and interest on the 2023 Bonds for the period ending June 30 in each of the years indicated.

<i>Period Ending June 30</i>	<i>Parity Obligation Debt Service⁽¹⁾</i>	<i>2023 Bonds Principal</i>	<i>2023 Bonds Interest</i>	<i>2023 Bonds Debt Service</i>	<i>Total Debt Service</i>
2023	\$1,944,995	\$ -	\$ -	\$ -	\$
2024	1,944,995				
2025	1,944,995				
2026	1,944,995				
2027	-				
2028	-				
2029	-				
2030	-				
2031	-				
2032	-				
2033	-				
TOTAL	<u>\$7,779,982</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Reflects debt service on the SRF Loan. See the caption “THE CITY—Other Obligations—Parity Obligations.”
Source: Underwriter.

SECURITY FOR THE 2023 BONDS

General

The 2023 Bonds are a special limited obligation of the Utility Authority payable solely from Net Revenues of the Water Enterprise on a parity with payments under the SRF Loan, and from certain other funds and accounts held by the Trustee pursuant to the Indenture. Neither the full faith and credit nor any other revenues or funds of the Utility Authority are pledged to or available for the payment of debt service on the 2023 Bonds. The obligation of the Utility Authority to make payments of principal and interest on the 2023 Bonds does not constitute an obligation for which the Utility Authority is obligated to levy or pledge any form of taxation or for which the Utility Authority has levied or pledged any form of taxation. The Utility Authority has no taxing power.

The 2023 Bonds are not a debt of the City, the County, the State or any of its political subdivisions in contravention of any constitutional or statutory limitations, and neither the City, said County, said State nor any of its political subdivisions is liable on the 2023 Bonds, nor in any event will the 2023 Bonds be payable out of any funds or properties of the Utility Authority other than the Net Revenues.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Net Revenues and any other amounts (including proceeds of the sale of the 2023 Bonds) held in any fund or account established pursuant to the Indenture have been pledged to secure the payment of the principal of and interest on the 2023 Bonds in accordance with their terms and the provisions of the Indenture. Such pledge, charge and assignment constitutes a first lien on and security interest in the Net Revenues and will attach, be perfected and be valid and binding from and after the date of issuance of the 2023 Bonds, without any physical delivery thereof or further act.

In order to secure the payment of principal of and interest on the 2023 Bonds, the Utility Authority will cause the City to deposit all of the Gross Revenues immediately upon receipt in the Water Enterprise Fund. The Water Enterprise Fund will be held by the City on behalf of the Utility Authority. On or after the first day of each month, amounts deposited in the Water Enterprise Fund will be disbursed in the following

order of priority: (i) payment of Direct Costs and Allocated Costs for the preceding month; and (ii) payment of debt service coming due on any bonds, notes or obligations of the Utility Authority relating to the Water Enterprise, including the 2023 Bonds and the SRF Loan. See the caption “—Net Revenues Consist of Gross Revenues Minus Direct Costs and Allocated Costs.”

Amounts remaining in the Water Enterprise Fund immediately after making the transfers required to be made pursuant to the Indenture will be used by the Utility Authority for any lawful purpose of the Utility Authority, including making lease payments under the Water Enterprise Lease Agreement (as such term is defined under the caption “—Net Revenues Consist of Gross Revenues Minus Direct Costs and Allocated Costs”).

The Utility Authority has transferred in trust, granted a security interest in and assigned to the Trustee, for the benefit of the Owners from time to time of the 2023 Bonds, all of the Net Revenues and all of the rights of the Utility Authority under the Indenture (but none of its duties or obligations thereunder). The Trustee is entitled to and will, subject to the provisions of the Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, all of the rights of the Trustee under the Indenture.

All Net Revenues will be promptly deposited by the Trustee upon receipt in a special fund designated as the “Bond Fund” which the Trustee will establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture to be deposited in the Redemption Fund will be promptly deposited in such Fund. All Net Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Not later than the first Business Day preceding each date on which principal of or interest on the 2023 Bonds becomes due and payable, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority, the requirements of each such account at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2023 Bonds then Outstanding.

(b) The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2023 Bonds coming due and payable on such date.

All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2023 Bonds as it becomes due and payable (including accrued interest on any 2023 Bonds purchased or redeemed prior to maturity pursuant to the Indenture). All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2023 Bonds at their respective maturity dates.

Nothing contained in the Indenture or in the 2023 Bonds affects or impairs the obligation of the Utility Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the 2023 Bonds to the respective Owners of the 2023 Bonds at their respective dates of maturity, or upon call for redemption, if any, as provided in the Indenture, but only out of the Net Revenues and other assets pledged therefor in the Indenture, or affects or impairs the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2023 Bonds.

Net Revenues Consist of Gross Revenues Minus Direct Costs and Allocated Costs

In 2002, the City and the Redevelopment Agency for the City of Corona formed the Utility Authority, which leased the Water Enterprise from the City pursuant to a Water Enterprise Lease Agreement, dated as of February 6, 2002 (the “**Water Enterprise Lease Agreement**”). The Utility Authority also leased the City’s wastewater system from the City pursuant to a Wastewater Enterprise Lease Agreement, dated as of February 6, 2002 (the “**Wastewater Enterprise Lease Agreement**”). The City, through the Utilities Department, continues to operate the Water Enterprise and the wastewater system pursuant to two Management Agreements, each dated as of February 6, 2002, by and between the City and the Utility Authority.

Pursuant to the Water Enterprise Lease Agreement, the Utility Authority makes annual lease payments to the City equal to 8% of water sales revenues of the Water Enterprise. Such lease payments are payable on a subordinate basis to the payments of principal of and interest on the 2023 Bonds from surplus revenues of the Water Enterprise remaining after paying Direct Costs and Allocated Costs, the 2023 Bonds, the SRF Loan and future Parity Obligations. Similarly, pursuant to the Wastewater Enterprise Lease Agreement, the Utility Authority makes annual lease payments to the City equal to 8% of wastewater system revenues from moneys remaining after the payment of operation and maintenance expenses and debt service attributable to the wastewater system.

The obligation of the Utility Authority to pay the principal of and interest on the Bonds is payable from Net Revenues of the Water Enterprise on a parity with payments under the SRF Loan.

“**Net Revenues**” means, for any Fiscal Year, an amount equal to all of the Gross Revenues received with respect to such Fiscal Year, minus the amount required to pay all Direct Costs and Allocated Costs becoming payable with respect to such Fiscal Year.

“**Gross Revenues**” means, for any Fiscal Year, the sum of all gross charges received for, and all other gross income and receipts derived by the Utility Authority from the lease and operation of the Water Enterprise or otherwise arising from the Water Enterprise, including but not limited to investment earnings, including Water Capital Impact Fees (as such term is defined in Appendix B), including any fees levied with respect to reclaimed water, to the extent that such fees are allocable to the Water Projects (as such term is defined in Appendix B), and any operational participation revenues received. Gross Revenues do not include reimbursements from the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program.

“**Direct Costs**” means the reasonable and necessary costs, expenses and water purchases paid for maintaining and operating the Water Enterprise, including but not limited to: (a) cost of electricity and other forms of energy supplied to the Water Enterprise; (b) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water Enterprise in good repair and working order; and (c) the reasonable administrative costs of the Utility Authority attributable to the operation and maintenance of the Water Enterprise, but in all cases excluding: (i) debt service payable on obligations incurred by the Utility Authority with respect to the Water Enterprise; (ii) depreciation, replacement and obsolescence charges or reserves therefor; and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“**Allocated Costs**” means an amount payable by the Utility Authority to the City based on an allocation of City overhead to the Water Enterprise.

In order to secure the payment of the principal of and interest on the 2023 Bonds, all of the Net Revenues will be pledged as described under the caption “—General.”

Rate Covenant

The Indenture requires the Utility Authority to fix, prescribe, revise and collect rates and charges for the services and facilities furnished by the Water Enterprise, or cause the City to do so, during each Fiscal Year which (together with other funds accumulated from Gross Revenues and which are lawfully available to the Utility Authority for payment of any of the following amounts during such Fiscal Year) are at least sufficient, after making allowances for contingencies and errors in estimates, to pay the following amounts in the following order:

- (i) all Direct Costs and Allocated Costs of the Water Enterprise estimated by the Utility Authority to become due and payable in such Fiscal Year;
- (ii) all Debt Service becoming due and payable in such Fiscal Year; and
- (iii) all payments required to meet any other obligations of Utility Authority which are charges, liens or encumbrances upon, or payable from, the Net Revenues.

The Utility Authority will fix, prescribe, revise and collect rates and charges for the services and facilities furnished by the Water Enterprise, or cause the City to do so, during each Fiscal Year which are sufficient to yield Net Revenues, at least equal to 125% of the amounts payable under clause (ii) above in such Fiscal Year.

No Reserve Fund

The Indenture does not establish a reserve fund or account for the 2023 Bonds. As discussed under the caption “—Additional Indebtedness—Parity Obligations,” any debt service reserve fund established in connection with Parity Obligations will not be available to support payment of the 2023 Bonds.

Additional Indebtedness

No Senior Obligations. After the issuance of the 2023 Bonds, as long as any 2023 Bonds are outstanding and payable, the Utility Authority will not issue or incur any bond, note, warrant, evidence of indebtedness, contract, instrument or other agreement payable from Net Revenues the payment of which is prior and senior to the payment of the 2023 Bonds.

Parity Obligations. The Utility Authority may issue or incur any bond, note, warrant, evidence of indebtedness, contract, instrument or other agreement secured by a pledge of and lien on Net Revenues equally and ratably with the 2023 Bonds (referred to as “**Parity Obligations**”) subject to the following provisions:

- (a) The Utility Authority is not in default under the term of the Indenture;
- (b) (i) Net Revenues, as certified by the Utility Authority, for the most recent audited Fiscal Year preceding the date of execution of the Parity Obligations; plus (ii) projected Net Revenues (as described below) are at least equal to 125% of Aggregate Maximum Annual Debt Service (as such term is defined in Appendix B).

The projections described in clause (b)(ii) above may take into account: (1) increases in the charges made for service from the Water Enterprise which have been adopted by the Utility Authority prior to the date of issuance or incurrence of such Parity Obligations, but which were not in effect for all or part of such preceding Fiscal Year, and which are scheduled to be effective in the period of Debt Service shown for such Parity Obligations; and (2) an allowance for estimated additional average annual Net Revenues from any additions or connections to or improvements or extensions of the Water Enterprise which have occurred from the end of the Fiscal Year preceding the date of execution of the Parity Obligations.

(c) Notwithstanding the requirements described above, Parity Obligations may be issued or incurred to refund outstanding Parity Obligations if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Parity Obligations (outstanding on the date of issuance or incurrence of such refunding Parity Obligations, but excluding such refunding Parity Obligations) not being refunded are outstanding.

(d) The Utility Authority may but is not required to fund a reserve fund or obtain a reserve fund surety or instrument with respect to any Parity Obligations. If a reserve fund is funded for any Parity Obligations or a qualified reserve fund surety or instrument is obtained with respect to any Parity Obligations, such funded reserve fund or qualified reserve fund surety or instrument will secure only the related Parity Obligations and will not support the Bonds or any other Parity Obligations.

Subordinate Obligations. The Utility Authority has covenanted that the Utility Authority will not issue or incur any obligations that are payable from Net Revenues on a subordinate basis to the payments of principal of and interest on the Bonds (“**Subordinate Obligations**”) unless Net Revenues or projected Net Revenues, calculated in the same manner as described in clause (b) above under the subcaption “—Parity Obligations,” are equal to at least 100% of the sum of Debt Service on all Parity Obligations and Subordinate Obligations outstanding immediately subsequent to the incurring of such additional obligations.

THE UTILITY AUTHORITY

The Utility Authority is a joint powers authority of the State organized and existing under and by virtue of Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the California Government Code, as amended (the “**JPA Law**”). The Utility Authority was established pursuant to an Amended and Restated Joint Exercise of Powers Agreement, dated February 6, 2013, by and among the City, the Successor Agency to the Redevelopment Agency of the City of Corona and the Housing Authority of the City of Corona. The Utility Authority is governed by a five-member Board comprised of the same individuals who comprise the City Council of the City. The Utility Authority was created for the purpose of leasing, owning, operating, managing and maintaining the Water Enterprise and the City’s wastewater system and providing financing for public capital improvements for its members. Under the JPA Law, the Utility Authority is authorized to issue bonds to pay the costs of any public capital improvements.

THE CITY

General

The City is located in northwestern Riverside County, approximately 45 miles southeast of downtown Los Angeles, near the County’s border with the Counties of Orange and Los Angeles. The City had a population of approximately 159,749 as of January 2022 and covers approximately 39 square miles. The City was incorporated in 1896 and is a general law city operating under a council/manager form of government. Land use in the City is primarily residential, with areas of commercial and industrial development. See the caption “—Land Use and Service Area.”

The City provides police protection, fire protection, animal control, building safety regulation and inspection, street lighting, beautification, water and wastewater service, refuse collection, land use planning, zoning, housing and community services, maintenance and improvement of streets and related structures, traffic safety maintenance and improvement and recreational and cultural programs for citizen participation.

As discussed under the caption “SECURITY FOR THE BONDS—Net Revenues Consist of Gross Revenues Minus Direct Costs and Allocated Costs,” the City leases the Water Enterprise to the Utility Authority, and the Utilities Department operates the Water Enterprise on behalf of the Utility Authority. The Water Enterprise supplies: (i) potable water to approximately 37,232 single family residential customers, 3,989 multi-family residential customers and 4,639 commercial, industrial, public agency, agricultural and other

customers; and (ii) reclaimed water to approximately 396 commercial, industrial, public agency, irrigation, agricultural and other customers.

The City has three sources of water: (a) treated and untreated water that is purchased from Western Municipal Water District (“WMWD”), a member agency of The Metropolitan Water District of Southern California (“MWD”); (b) well and treatment facilities that pump and treat groundwater for City use; and (c) reclaimed water that is produced from treated wastewater of the City’s wastewater system. See the caption “THE WATER ENTERPRISE—Water Supply.”

The potable water system of the Water Enterprise includes 26 well sites, 4 water treatment plants, 851 miles of transmission and distribution pipelines, 18 potable water storage tanks, 19 booster pump stations and 37 pressure reducing stations. The reclaimed water system of the Water Enterprise includes 55 miles of transmission pipelines, 4 water storage tanks and 6 booster pump stations.

Land Use and Service Area

The service area of the Water Enterprise encompasses approximately 48 square miles, including all of the City and certain unincorporated areas of the County that are located adjacent to City boundaries, including Coronita, Temescal Canyon and El Cerrito. The total population of the service area is estimated to be approximately 168,751. The City is highly connected to job centers in the County and the Counties of Orange and Los Angeles, with State Route 91 traversing the City east to west, providing access to the City of Riverside to the east and the City of Los Angeles to the west, and Interstate 15 traversing the City north to south.

The service area has elevations varying from 430 feet in the Green River area to over 1,600 feet in the South Corona area. The Water Enterprise includes six primary service zones with five secondary service zones. These service zones serve elevations ranging from 430 feet to 1,520 feet. Two future zones have been proposed within the existing service area.

The Water Enterprise service area is approximately 90% built out and includes single family residences, multi-family residential units, industrial and commercial properties. Approximately 9% of the land within the Water Enterprise service area is undeveloped. The City currently expects the Water Enterprise service area to be fully built out in 2045 with an estimated population of 185,600.

Seismic Considerations

The City is located in a seismically active region. Significant known faults near the City include the Elsinore and Newport-Inglewood faults. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the City, including the Water Enterprise. The City has an emergency operations center that would be activated under such circumstances.

The City does not maintain earthquake insurance coverage for the Water Enterprise, as discussed under the caption “—Water Enterprise Insurance” and “CERTAIN RISKS TO BONDHOLDERS—Natural Disasters.” There can be no assurance that the Water Enterprise will not be susceptible to damage in the event of an earthquake. Such damage is not expected to be covered by insurance, and seismic activity could result in damage to or destruction of the Water Enterprise.

The City addresses seismic risk and vulnerability through the City of Corona Local Hazard Mitigation Plan, which was last updated in 2017, and the Riverside County Operational Area Multi-Jurisdictional Local Hazard Mitigation Plan. Newer Water Enterprise facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The City

has also undertaken a vulnerability assessment of critical Water Enterprise facilities. The vulnerability assessment ranks Water Enterprise infrastructure by importance, builds redundancy into existing operations and includes contingency plans in the event of damage to City assets and succession plans for critical staff. There are currently no significant seismic enhancement projects that are required to be undertaken by the Utilities Department. The impact of lesser magnitude seismic events is expected by the City to be temporary, localized and repairable. The Water Enterprise has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

Governance and Management

General. The City operates under a council-manager form of government. Councilmembers are elected by district for four-year alternating terms. The City Manager, appointed by the City Council, serves as the City's chief administrative officer and is responsible for overseeing the daily operations of City departments and efficient management of all City business. Functions of the City Manager's Office include implementation and administration of City Council policies and programs and providing direction to the departments that administer City programs and services.

Jacob Ellis has over 15 years of local government experience and has served as the City Manager since November 2019. Prior to coming to the City, Mr. Ellis served as the Deputy Town Manager and Assistant to the Town Manager for the City of Gilbert, Arizona, and in various management capacities for the municipality of North Cowichan, British Columbia. Mr. Ellis has a Bachelor's degree in Political Science from Brigham Young University and a Master's degree in Public Administration and Juris Doctor degree from Cleveland State University.

Other key personnel responsible for management of the Water Enterprise include the City Treasurer, the Director of Finance and the General Manager of the Utilities Department. In addition, the City Attorney provides legal services to the City and the Utility Authority.

Chad Willardson was elected as the City Treasurer in 2016 and re-elected in 2020. Mr. Willardson is the President and Founder of Pacific Capital, a financial management business based in the City. Mr. Willardson has a Bachelor's degree in Economics from Brigham Young University. He is a certified member of the National Ethics Association and serves clients as a Certified Financial Fiduciary®. He is also an Accredited Wealth Management Advisor and a Chartered Retirement Planning Counselor.

Kim Sitton is the Finance Director of the City, overseeing the City's budget, accounting and purchasing functions. Ms. Sitton has been with the City for over 30 years and has served as the City's Finance Director since 2019. Ms. Sitton has a Bachelor's degree in Business Administration from California State University, San Bernardino.

Tom Moody has been with the City since 1995 and has served as the Director of Utilities since September 2016. Mr. Moody is responsible for all operations of the Utilities Department, which provides water, reclaimed water and electric service and water reclamation to residents and businesses within the Utilities Department's service area. Mr. Moody has a Bachelor's degree in Business Administration from American InterContinental University and a Master's degree in Business Administration from California Coast University. He also holds a Water Operator Certification for Distribution Grade V from the SWRCB's Division of Drinking Water (the "**Division**").

Dean Derleth has over 30 years of experience serving as counsel to local agencies. He has served as the City Attorney since December 2012. Prior to coming to the City, Mr. Derleth was an attorney in private practice and served as the City's contract City Attorney. Mr. Derleth has a Bachelor's degree in Economics from the University of California, Irvine, and a Juris Doctor degree from the University of the Pacific McGeorge School of Law.

Management Policies. The City has adopted several policies which are designed to ensure the prudent and effective management of City operations, including a Debt Management Policy, an Investment Policy, a General Fund Balance Reserve Policy and a Pension Stabilization Trust Investment Policy. Further information about these policies is set forth below.

Debt Management Policy. The City has adopted a Debt Management Policy in accordance with California Government Code Section 8855 to establish guidelines and parameters for the effective governance, management and administration of debt issued by the City and its related entities and to ensure compliance with legislation, statutes and laws that place regulations on local agency debt. The following elements have been incorporated into this policy:

- The purposes for which debt may be incurred;
- The types of debt that may be issued;
- The relationship of the debt to, and integration with, the City’s capital improvement program or budget;
- Policy goals related to the City’s planning goals and objectives;
- Debt management practices, including the investment of proceeds and post-issuance compliance; and
- Policies governing initial and continuing disclosure to investors.

Investment Policy. The City invests its funds in accordance with the City’s investment policy (the “**Investment Policy**”), which was most recently reviewed and revised by the City Council on June 15, 2022. The Investment Policy: (a) describes the policies and procedures to be utilized in the City’s investment management system; (b) establishes guidelines for the prudent investment of the City’s funds, and (c) lists and describes suitable investments. The goals of the City’s investment policy are to meet the City’s short and long-term cash flow demands in a manner which will provide for the safety of principal and sufficient liquidity, while providing a suitable investment return.

In accordance with Section 53600 *et seq.* of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. Eligible investments include the Local Agency Investment Fund which is operated by the California State Treasurer, local agency bonds rated “A” or better (limited to 25% of the portfolio), money market mutual funds (limited to 20% of the portfolio), federal agency or government-sponsored enterprise securities (limited to 5-year maximum maturities and 75% of the portfolio), United States Treasury obligations (limited to 5-year maximum maturities), medium-term corporate notes (limited to 5-year maximum maturities and 30% of the portfolio), negotiable certificates of deposit (limited to 3-year maximum maturities and 20% of the portfolio), banker’s acceptances (limited to 180-day maximum maturities and 20% of the portfolio) and commercial paper (limited to 270-day maximum maturities and 25% of the portfolio). Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

The Treasurer is required to provide a monthly report to the City Council showing the type of investment, date of maturity, amount invested, current market value, rate of interest and other such information as may be requested by the City Council.

Approximately \$29.4 million (7.82%) of the City’s total investment portfolio as of June 30, 2022 was attributed to the Water Enterprise.

Water Utility Fund Reserve Policy. The City’s Water Utility Fund Reserve Policy was originally established in 2022. The policy establishes a target reserve amount for the Water Utility Fund equal

to 90 days of operating expenses plus the current annual depreciation amount. To build the target reserve amount, the Utilities Department will annually contribute 10% of the difference between the Water Utility Fund's actual operating revenues and actual operating expenses until the target reserve amount is met. Amounts in the reserve may be used: (i) as needed in the event of a local, state or federal emergency declaration; (ii) for emergency projects; (iii) to fulfill debt obligations; (iv) to phase in the impact of unforeseen cost increases, such as significant increases in imported water costs, energy costs and other significant expense fluctuations; and (v) to address unexpected revenue shortfalls. As of July 1, 2022, \$725,621 was held in the Water Utility Fund reserve.

Pension Stabilization Trust Investment Policy. The City Council has adopted a Pension Stabilization Trust Policy (the "**Pension Policy**"), which was most recently reviewed and revised by the City Council on June 15, 2022. The Pension Policy is intended to provide guidelines for the investment of funds in the City's Pension Benefits Trust. See the caption "WATER ENTERPRISE FINANCIAL INFORMATION—Employee Benefits—Pension Obligations."

Under the Pension Policy, the City Treasurer, City Manager, Assistant City Manager, Finance Director, and Accounting Manager annually review changes in the demographics of participants in its pension plans, amendments to plan provisions that may have a material effect on cash flow needs or the investment horizon, proposed changes in asset allocations and pension plan actuarial reports, in order to determine whether to adjust investments in the Pension Benefits Trust while ensuring the long-term growth of assets therein, the safety of principal and liquidity. The Pension Policy also establishes guidelines for the retention of an Investment Manager.

Funds in the Pension Benefits Trust must be invested as follows: (i) no more than 5% of the portfolio may be invested in any single security; and (ii) cash and fixed income securities may comprise 10%-30% of the portfolio, while global equities may comprise 50%-80% of the portfolio. Certain investments, including margin purchases, non-United States dollar denominated securities, hedge funds and direct investments in commodities futures contracts, are prohibited. As of June 30, 2022, the City held \$30,102,382 in the Pension Benefits Trust.

Employees

As of June 30, 2022, the City had 836.81 full-time equivalent employees, of which 33.82 were assigned to the finance functions of the Administrative Services Department and 112.21 worked in the Utilities Department, with responsibility for the Water Enterprise and other public works functions (including 63.3 full-time equivalent employees who worked exclusively on behalf of the Water Enterprise).

City employees who work on behalf of the Water Enterprise are represented by the Corona Public Service Employees Association, which represents approximately 316 employees Citywide, and the Corona Supervisors Association, which represents approximately 46 employees Citywide. Relations between the City and these employee associations are governed by memoranda of understanding that expire on December 31, 2024. A total of approximately 97 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

Budget Process

The City prepares and adopts a balanced budget for each Fiscal Year which includes proposed expenditures and the means of financing such expenditures. The Corona Municipal Code requires the City Manager to prepare and submit an annual budget to the City Council for approval. Under policy directive and guidance, the budget is developed based upon: (i) guidance and policy direction provided by the City Council through the City Manager; (ii) a long-term financial plan which reviews at least three years of actual results

with a 5-year economic and financial outlook; (iii) the 2021-2026 Citywide Strategic Plan; and (iv) federal, State, and local law and emerging issues.

The budget process begins in January of each year. Finance staff works in cooperation with all City departments to formulate revenue projections for the upcoming Fiscal Year. From this information, the individual departments use the projected revenues and existing fund balance information to prioritize and recommend departmental budgets to meet the next Fiscal Year's objectives. The City Manager and Finance staff review each budget proposal, revenue assumptions and all current financial obligations before presenting the proposed budget to the City Council. Prior to approval of the budget, the City Council generally conducts public workshops to obtain comments from residents and ratepayers.

Budget amendments within departments are approved by department directors as long as the amendment does not increase the department's overall spending authority as dictated by the current budget. Any amendment which increases spending authority must obtain City Council approval by majority vote. Amendments in the Capital Budget may be approved by department directors, within the same funding source and for similar projects, not exceeding 10% of the transferring project budget. Amendments that increase the City's Capital Budget also require City Council approval.

The City Council adopted the budget for Fiscal Year 2023 on June 15, 2022.

Water Enterprise Insurance

Insurance for the Water Enterprise is maintained by the City through Joint Powers Insurance Agencies and/or commercial carriers as follows:

Property Damage. Coverage is maintained for losses of up to \$1,000,000,000, subject to policy exclusions, sub-limits and various deductibles of up to \$5,000,000, including an "all-risk" deductible of \$50,000 and a \$500,000 deductible for wildfires. Coverage for vehicles is provided at actual cash value (as opposed to replacement value) and coverage off-premises is provided only for vehicles with a value of \$100,000 or more. In addition, the policy includes first level cyber liability coverage with an aggregate pool limit of \$45,000,000 and an aggregate individual member sub-limit of \$2,000,000. The City does not maintain coverage for earthquake or flood damage. Also, certain portions of the Water Enterprise are excluded from coverage, including, but not limited to, pipelines not in the vicinity of above-ground infrastructure.

General Liability. The City is self-insured up to \$500,000 and maintains excess coverage for losses between \$500,000 to \$25,000,000, subject to certain exclusions. The general liability policy includes automobile liability and public officials errors and omissions coverage.

Workers Compensation. The City is self-insured up to \$1,000,000 and has purchased excess insurance for claims between \$1,000,000 and the statutorily required maximum.

Other Insurance Coverage. The City also currently maintains coverage for: (1) Master Government Crime up to \$10,000,000 per occurrence, with a deductible of \$2,500 per occurrence; and (2) Enhanced Pollution Liability up to \$10,000,000 per pollution condition, with a self-insured retention of \$250,000 per pollution condition.

The City has not settled any claims that exceeded its insurance coverage in the past three years.

No assurance can be given as to the adequacy of the insurance maintained now or in the future by the City to fund necessary repairs or replacement of any portion of the Water Enterprise, and the City does not have any obligation under the Indenture to maintain earthquake or flood coverage or to maintain any insurance in the current coverage amounts. Significant damage to the Water Enterprise could affect the City's ability to generate sufficient Net Revenues to pay the 2023 Bonds.

Other Obligations

No Senior Obligations. The City has no obligations that are payable from Net Revenues on a senior basis to the 2023 Bonds.

Parity Obligations. In October 2004, the City and the SWRCB entered into the SRF Loan to finance the construction of certain reclaimed water facilities. The SRF Loan was entered into in the initial principal amount of \$29,940,000, of which \$7,317,022 was outstanding as of June 30, 2022. The SRF Loan bears interest at the rate of 2.50% per annum and is payable in annual installments of approximately \$1,944,995, with a final payment in 2026. Payments under the SRF Loan are payable from Net Revenues on a parity with the 2023 Bonds.

The City is permitted to incur additional obligations that are payable from Net Revenues on a parity with the 2023 Bonds in the future upon satisfaction of the conditions that are described under the caption “SECURITY FOR THE 2023 BONDS—Additional Indebtedness.”

Financial Statements

A copy of the most recent audited financial statements of the City prepared by the Pun Group, Santa Ana, California (the “Auditor”) is set forth in Appendix A. The Auditor’s letter dated November 29, 2022 is located at the beginning of the Financial Section therein.

The summary operating results that are contained under the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Historical Operating Results and Debt Service Coverage” are derived from these financial statements and audited financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments), and are qualified in their entirety by reference to such statements, including the notes thereto.

The City accounts for moneys received and expenses paid in accordance with Generally Accepted Accounting Principles applicable to governmental agencies (“GAAP”). Generally, the City recognizes revenues and expenses on the full accrual basis of accounting, meaning that revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of when the related cash flows take place. However, in certain cases, GAAP requires or permits moneys that are collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses that are paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. See Note 1.B to the financial statements that are set forth in Appendix A. Except as otherwise expressly noted herein, all financial information that has been derived from the City’s audited financial statements reflects the application of GAAP.

The Water Enterprise Fund of the City has a separate set of self-balancing accounts and is accounted for as a proprietary fund type (enterprise fund) using the economic resources measurement focus. In governmental accounting, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

COVID-19 Outbreak

The spread of the strains of coronavirus which are collectively called SARS-CoV-2, which cause the disease known as COVID-19 (“COVID-19”), and local, State and federal actions in response to COVID-19, have impacted the City’s operations and finances. In response to the initial outbreak of COVID-19, health

officials recommended, and some governments mandated, a variety of responses ranging from travel bans and social distancing practices to complete shutdowns of certain services and facilities.

On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the “**CARES Act**”) which delivered, among other things, \$150 billion in financial aid to states and local governments to provide emergency reimbursement to those most significantly impacted by COVID-19. The City received a total reimbursement of approximately \$6.8 million under the CARES Act, which it applied to local business support, mortgage/rental assistance, transit program operations and other City programs, with effects on the Water Enterprise limited to indirect benefits resulting from support to Water Enterprise customers.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the “**ARP Act**”), a \$1.9 trillion economic stimulus package that was designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic. The City received a total of approximately \$29.2 million under the ARP Act and has developed a plan to expend ARP Act funds which addresses the following categories: negative economic impacts and revenue replacement. ARP Act funds are not expected to directly support Water Enterprise revenues or operating costs.

The City believes that it is in compliance with all applicable CARES Act and ARP Act expenditure and program requirements.

The Governor suspended utility service shutoffs and the collection (although not the imposition) of late fees and penalties for residential customers through December 31, 2021. As a result of the foregoing actions, delinquent Water Enterprise receivables totaled approximately \$1,868,432 as of June 30, 2022, significantly higher than the \$118,103 delinquent amount as of June 30, 2019. Approximately 2,494 accounts are currently more than 80 days delinquent, of which 2,197 have entered into payment plans. On February 28, 2022, the City re-instituted its standard collection procedures which were in place prior to the pandemic. See the caption “**THE WATER ENTERPRISE—Water Enterprise Collection Procedures.**”

The City participated in the California Water and Wastewater Arrearage Payment Program (the “**CWWAPP**”), a State program that provided funds to water and wastewater service providers to cover delinquencies during the period between March 4, 2020 and June 15, 2021. In early 2022, the City received \$1,681,282 under the CWWAPP to cover Water Enterprise delinquencies.

The City’s customer base is primarily residential and its water rate structure consists of variable and fixed rate components, which partially mitigated the effect of reduced water usage by non-residential customers and uncollected late fees and penalties during the pandemic. See the captions “**THE WATER ENTERPRISE—Historical Water Enterprise Connections**” and “**THE WATER ENTERPRISE—Water Enterprise Rates and Charges.**” To date, the City has not experienced and does not at this time foresee a future negative impact on Water Enterprise operations or the execution of City services as a result of the COVID-19 outbreak.

Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak continue to occur throughout the United States, including the County. The City continues to actively monitor Water Enterprise usage, payment delinquencies, revenues and expenditures so that further impacts of the COVID-19 pandemic can be anticipated. The City does not currently expect that the pandemic will have a material adverse effect on the repayment of the 2023 Bonds.

THE WATER ENTERPRISE

General

The Water Enterprise supplies: (i) potable water to approximately 37,232 single family residential customers, 3,989 multi-family residential customers and 4,639 commercial, industrial, public agency, agricultural and other customers; and (ii) reclaimed water to approximately 396 commercial, industrial, public agency, irrigation, agricultural and other customers. All water service connections are metered.

The City has three sources of water: (a) treated and untreated water that is purchased from WMWD, a member agency of MWD; (b) well and treatment facilities that pump and treat groundwater for City use; and (c) reclaimed water that is produced from treated wastewater of the City's wastewater system. See the caption "—Water Supply" for a detailed description of the City's various water sources.

The potable water system of the Water Enterprise includes 26 well sites, 4 water treatment plants, 851 miles of transmission and distribution pipelines, 18 potable water storage tanks, 19 booster pump stations and 37 pressure reducing stations. The reclaimed water system of the Water Enterprise includes 55 miles of transmission pipelines, 4 water storage tanks and 6 booster pump stations.

The City maintains interties with the City of Norco, WMWD, the City of Riverside and Temescal Valley Water District, which can help to ensure a temporary source of water in the event of a major emergency or Water Enterprise failure.

Wells. The Water Enterprise currently includes 26 well sites, which have an average depth of approximately 300 feet. The City's wells are located in the Temescal Basin (a sub-basin of the Upper Santa Ana River Groundwater Basin) and the Coldwater and Bedford Basins (sub-basins of the Elsinore Groundwater Basin). Water extracted from the Temescal Basin has a high mineral and nitrate content and must be treated at the Temescal Desalter in order to meet water quality standards. See the subcaption "—Water Treatment Plants." Water extracted from the Coldwater Basin has historically been used for additional potable water supplies, while water extracted from the Bedford Basin is primarily used to supplement reclaimed and non-potable water supplies. See the subcaption "—Reclaimed Water Facilities." Further information with respect to extraction of groundwater from the City's wells is set forth under the caption "—Water Supply—Groundwater."

Water Treatment Plants. The Water Enterprise operates four water treatment plants, the 30 million gallon per day ("mgd") Lester Water Treatment Plant, the 9.1 mgd Sierra del Oro Treatment Plant, the 15 mgd Temescal Desalter and the 5.76 mgd City Park Ion Exchange Treatment Plant. The Lester Water Treatment Plant and the Sierra del Oro Treatment Plant treat imported raw Colorado River water from MWD's Lower Feeder, which traverses the City. The Temescal Desalter treats local groundwater to remove total dissolved solids ("TDS") and meet applicable water quality standards. The City Park Ion Exchange Treatment Plant treats local groundwater to remove nitrates and perchlorates and meet applicable water quality standards.

The Lester Water Treatment Plant was originally constructed in 1966 as an in-line filtration plant with an initial capacity of 5 mgd. The capacity of the Lester Water Treatment Plant was increased to 10 mgd in the 1970s with a change to dual media filters. In 1991, two additional dual media filters along with other operational improvements were added, increasing the Lester Water Treatment Plant's capacity to 20 mgd. In 1994, the City constructed additional process units at the Lester Water Treatment Plant to bring the plant into compliance with surface water treatment regulations. Additional filters were added in 1994 and 2006, increasing the Lester Water Treatment Plant's capacity to 25 mgd and 30 mgd, respectively. The City treats untreated water purchases from WMWD to potable water standards at the Lester Water Treatment Plant prior to delivery to potable water customers.

The Sierra del Oro Treatment Plant was constructed in 1988 and utilizes conventional treatment processes, including flocculation and sedimentation basins ahead of filters. The City treats untreated water purchases from WMWD to potable water standards at the Lester Water Treatment Plant and the Sierra del Oro Treatment Plant prior to delivery to potable water customers.

The Temescal Desalter was placed in service in October 2001 with an initial capacity of 10 mgd. The Temescal Desalter uses membrane filtration reverse osmosis treatment technology to remove dissolved solids (salts) from groundwater having a moderately high TDS level. This technology also removes PFAS from groundwater. See the caption “—Water Quality—PFAS.” This allows the Water Enterprise to produce additional potable water while complying with TDS water quality standards for both drinking water and wastewater discharge after use. Permeate from the membranes is mixed with a well water bypass stream before being pumped to various points in the water distribution system for delivery to the water customers. The TDS that are removed in the treatment process are disposed of via the Santa Ana Regional Interceptor Pipeline operated by the Santa Ana Watershed Project Authority. The City completed expansion of the Temescal Desalter’s maximum capacity to 15 mgd in 2004.

The City Park Ion Exchange Treatment Plant was constructed in 2018 and uses anion resin filters to remove nitrates and perchlorates from groundwater produced in the eastern area of the City. The plant includes an ion exchange resin treatment system, process piping, backwash and brine regeneration system and electrical and control systems.

Pipelines. The Water Enterprise includes approximately 851 miles of transmission and distribution pipelines. The Water Enterprise service zones described under the caption “THE CITY—Land Use and Service Area” are interconnected between storage tanks and supply sources by 4 transmission pipelines which range in size from 12 to 36 inches in diameter. The pipelines are composed of mortar-lined and coated-steel pipe, asbestos cement pipe or mortar-lined ductile iron pipe and plastic pipe.

Water distribution pipelines generally range in size from 6 to 10 inches in diameter. However, in certain sections of the Water Enterprise that were developed prior to 1950, distribution pipelines range in size from 2 to 4 inches in diameter. The City is replacing such pipelines over time with pipelines of between 6 to 8 inches as a result of development and as part of its capital improvement plan for the Water Enterprise. The Water Enterprise’s distribution pipelines are composed of cast iron, steel, asbestos cement, plastic and ductile iron.

Potable Water Storage Tanks. The Water Enterprise includes 18 potable water storage tanks ranging in size from approximately 500,000 gallons to approximately 6,000,000 gallons, with a total capacity of approximately 43,300,000 gallons. The Water Enterprise’s potable water storage tanks are composed of steel reinforced concrete or circular post tensioned construction.

Booster Pump Stations. The Water Enterprise includes 19 booster pump stations which range in capacity from 50 gallons per minute to over 7,000 gallons per minute. Seventeen booster pump stations pump water from service zones at lower elevations to service zones at higher elevations. See the caption “—Land Use and Service Area.” Two booster pump stations pump untreated Colorado River water from MWD’s Lower Feeder to the Lester Water Treatment Plant and the Sierra del Oro Treatment Plant. See the subcaption “—Water Treatment Plants.”

Pressure-Reducing Stations. The Water Enterprise includes 37 pressure-reducing stations which transfer water from higher elevation water service zones to lower elevation water service zones. See the caption “THE CITY—Land Use and Service Area.”

Reclaimed Water Facilities. The Utilities Department has provided reclaimed water to customers since 2006. The Water Enterprise’s reclaimed water facilities consist of three water reclamation plants, approximately 55 miles of pipelines, 3 service zones, 6 booster pump stations and 4 storage tanks that can hold

up to 7,000,000 gallons. The Utilities Department provides reclaimed water for irrigation purposes to approximately 396 accounts, including local schools, parks, golf courses, homeowners' associations and landscape management districts. In Fiscal Year 2022, the Utilities Department delivered approximately 4,031 acre feet of reclaimed water to such customers.

Reclaimed water provided to Water Enterprise customers is produced by the Utilities Department at three water reclamation plants which are part of the City's wastewater system. The plants have a combined capacity of up to 15.5 mgd of reclaimed water per day. The reclaimed water produced at the Utilities Department's water reclamation plants undergoes tertiary treatment and meets health standards for irrigation use pursuant to Chapter 3 of Division 4 of Title 22 of the California Code of Regulations. The wastewater system does not charge the Utilities Department's reclaimed water system (part of the Water Enterprise) for such water because, by delivering tertiary treated wastewater to the reclaimed water system, the wastewater system avoids costs associated with dechlorinating the water and discharging it into local waterways. The Utilities Department delivers this water to reclaimed water customers, with any excess purchased by the potable water system (by means of an internal Water Enterprise fund transfer to the reclaimed water system) and deposited into spreading grounds in local groundwater basins. See the caption "—Historical Water Enterprise Connections." The delivery of reclaimed water reduces demand for potable water.

Water Supply

The City has three sources of water: (a) treated and untreated water that is purchased from WMWD, a member agency of MWD, as discussed under the subcaption "—Imported Water" below; (b) well and treatment facilities that pump and treat groundwater for City use, as discussed under the subcaption "—Groundwater" below; and (c) reclaimed water that is produced from treated wastewater of the City's wastewater system, as discussed under the subcaption "—Reclaimed Water" below.

See the captions "—Historical Water Enterprise Supply" and "—Projected Water Enterprise Supply" for historical and projected information with respect to the City's sources of water supply.

Imported Water. Approximately 48% (18,403 acre feet) of the Water Enterprise's total water supply (including potable and reclaimed water) in Fiscal Year 2022 consisted of imported water that the City purchased from WMWD.

WMWD water supplies include: (i) untreated water purchased from MWD; (ii) treated water purchased from MWD after treatment at the Henry J. Mills Filtration Plant in Riverside; and (iii) desalinated brackish groundwater treated by WMWD at the Arlington Desalter.

WMWD is a member agency of MWD. The imported water that is delivered to WMWD by MWD consists primarily of untreated Colorado River water from Lake Mathews, which is located southeast of the City and serves as the western terminus of the Colorado River Aqueduct. See the caption "—Drought Declarations—State and Federal Orders" for a discussion of certain orders relating to the availability of Colorado River supplies. In addition, WMWD's supply includes untreated State Water Project water from northern California.

The City is entitled but not obligated to purchase water from WMWD when available at rates that are determined by WMWD's governing board. WMWD's rates are designed to recover WMWD's water supply, storage and conveyance costs, as well as WMWD's debt service payments. WMWD's rates are largely determined by WMWD's own costs to purchase water from MWD. Currently, WMWD's charge to the Water Enterprise consists of three components: (a) WMWD's cost to purchase water from MWD; (b) a surcharge in the current amount of \$24.06 per acre foot for WMWD's administrative costs; and (c) a capacity charge in the current amount of \$41,276.67 per month.

The City's practice is to recover the costs of water purchased from WMWD through the rates that the City charges Water Enterprise customers. See the caption "—Water Enterprise Rates and Charges—General." In the event of prolonged drought conditions, supply constraints could result in restrictions on water available to be purchased by the City, with resulting impacts on Net Revenues.

MWD was created in 1928 by vote of the electorates of a number of Southern California cities to provide a supplemental supply of water for domestic and municipal uses at wholesale to its member agencies. The MWD service area comprises approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, San Diego, San Bernardino, Riverside and Ventura. There are 26 member agencies of MWD, consisting of 14 cities, 11 municipal water districts (including WMWD) and one county water authority. MWD is governed by a Board of Directors (the "**MWD Board**"), which currently has 38 members. Each member agency has at least one representative on the MWD Board. Representation and voting rights are based upon each member agency's assessed valuation. WMWD has one representative on the MWD Board. The total population of the MWD service area is approximately 19 million.

MWD member agencies request water from MWD at various delivery points within MWD's service area and pay for such water at uniform rates that are established by the MWD Board for each class of service. For planning purposes, each MWD member agency advises MWD annually in December of its anticipated delivery requirements for each of the five following fiscal years. Charges for water delivered are billed monthly and payable by the end of the second month following delivery.

MWD's principal sources of water are Colorado River supplies which are imported through the Colorado River Aqueduct and supplies from the Lake Oroville watershed in northern California which are imported through the State Water Project. The same water rate is charged for water provided from each source.

MWD's water rates are established by majority vote of the MWD Board and are not subject to regulation by the California Public Utilities Commission or any other local, State or federal agency. Rates must be uniform for any class of service, and no water may be provided free of charge. Under the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended (the "**MWD Act**"), MWD is required, so far as practicable, to fix such rate or rates for water as will result in revenue which, together with revenue from any water standby or availability charge or assessment, will pay the operating expenses of MWD, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by MWD and provide for the payment of the interest and principal of the bonded debt of MWD, subject to the applicable provisions of the MWD Act authorizing the issuance and retirement of such bonds.

MWD and WMWD face various challenges in the continued supply of imported water to the City, including reductions in water deliveries through the State Water Project. In April 2023, the State of California Department of Water Resources ("**DWR**"), which operates the State Water Project, announced on a preliminary basis that allocations for water year 2022-23 would be equal to 100% of requested supplies. Allocations represent the amount of State Water Project water that DWR will deliver for the year. Allocations are reviewed monthly based on several factors, including water in storage, environmental requirements and rain and snow runoff projections. For water years 2019-20, 2020-21 and 2021-22, the final State Water Project allocations were 20%, 5% and 0%, respectively. There can be no assurance that MWD or WMWD will not announce supply cutbacks in future years, or that the City Council will not consider imposing restrictions on water use by Water Enterprise customers, based on hydrological conditions.

A description of the supply challenges faced by MWD and WMWD, as well as a variety of other operating information with respect to MWD and WMWD, is included in certain disclosure documents prepared by MWD and WMWD, respectively. MWD and WMWD periodically prepare official statements and other disclosure documents in connection with their respective bonds and other obligations. MWD and WMWD have also entered into certain continuing disclosure agreements pursuant to which they are

contractually obligated for the benefit of owners of certain of their outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices are filed with EMMA. Such information is not incorporated herein by reference thereto, and the City makes no representation as to the accuracy or completeness of such information. NEITHER MWD NOR WMWD HAVE ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE 2023 BONDS TO PROVIDE INFORMATION TO THE CITY OR THE OWNERS OF THE 2023 BONDS.

MWD AND WMWD HAVE NOT REVIEWED THIS OFFICIAL STATEMENT AND HAVE NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION THAT IS CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD OR WMWD. MWD AND WMWD ARE NOT CONTRACTUALLY OBLIGATED, AND HAVE NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY OR THE OWNERS OF THE 2023 BONDS UNDER RULE 15c2-12.

Groundwater. Approximately 41% (15,562 acre feet) of the Water Enterprise's total water supply (including potable and reclaimed water) in Fiscal Year 2022 consisted of groundwater that was extracted from the City's wells in the Temescal, Coldwater and Bedford Basins.

The Water Enterprise pumps groundwater from 26 well sites which are located in the 23,500 acre Temescal Basin. According to the 2022 Temescal Basin groundwater sustainability plan (discussed below), the baseline estimated sustainable yield for the Temescal Basin is 15,572 acre feet per year. As discussed below, the City also maintains wells in the Coldwater and Bedford Basins, which have a combined overlying surface area of 8,320 acres, including three wells from which it does not currently pump groundwater.

Total maximum daily production from the City's wells is approximately 14,600 gallons per minute, which is sufficient to supply approximately 46% of the average daily demand within the Water Enterprise service area. In previous years, groundwater was not replenished after rainfalls because of a highly efficient stormwater management system that prevented stormwater runoff from seeping into the ground. As a result, the City's groundwater basins have been in a state of overdraft in recent decades. In order to recharge these basins, the Utilities Department blends groundwater with imported water from MWD and extracts a lesser amount of groundwater than in previous years. In addition, the City has modified its stormwater management system to increase groundwater recharge after rainfall. The City's goal is to manage its groundwater basins so that groundwater provides approximately 50% of the Water Enterprise's potable water supply on a long term basis.

The City prepared a Recharge Master Plan for the Temescal Basin in 2013 with a goal of ensuring sustainable production through management of pumping and artificial recharge. The City has implemented the plan and projects are underway to increase the volume of tertiary treated reclaimed water available for recharge and to increase the number and capacity of recharge basins. According to the Recharge Master Plan, the Temescal Basin is currently in overdraft; however, the rate of overdraft is decreasing as a result of plan implementation.

The City maintains three wells in the Coldwater Basin from which it does not currently pump groundwater. In 2008, the City entered into an agreement (the "**Trilogy Well Agreement**") with the Elsinore Valley Municipal Water District ("**EVMWD**") affecting its rights in the Coldwater Basin. An operating committee comprised of representatives of the City and EVMWD has been appointed to manage the extraction of groundwater from this basin. Pursuant to the Trilogy Well Agreement, the Water Enterprise is entitled to take delivery of up to 2,112 acre feet of groundwater per year (subject to periodic adjustments approved by the parties) from a well operated by EVMWD in the Coldwater Basin, although the City does not currently take water from this well. The Trilogy Well Agreement states that, in the event that the City takes water produced

by EVMWD from the Coldwater Basin, which it does not currently do, the City will pay EVMWD fixed costs equal to approximately \$40,000 per year plus variable rate costs in proportion to the amount of water taken in each year.

In addition, the Trilogy Well Agreement permits the Water Enterprise to store up to 21,120 acre feet of any unused production rights in the Coldwater Basin. Based on the most recent available figures, the City had accumulated approximately 4,425 acre feet of stored water in the Coldwater Basin. The Water Enterprise may request delivery of such stored water at any time.

The City is not currently pumping groundwater from its three wells in the Coldwater Basin because the basin has been determined by the State to be under the influence of surface water, which requires groundwater extractions to undergo additional treatment. The City and Temescal Valley Water District are currently designing a treatment facility which would allow the City to recommence pumping from the Coldwater Basin. The treatment facility is expected to be constructed beginning in 2024, although the total costs (and the City's share of such costs) of constructing the treatment facility have not been determined.

The City maintains two wells in the Bedford Basin that are primarily used to produce non-potable water for agricultural, irrigation and other customers, and to supplement reclaimed water supplies during peak demand months in the summer. In the past five years, the City has produced an average of approximately 135 million gallons (414 acre feet) of non-potable water from the Bedford Basin.

As unadjudicated groundwater basins, the Temescal, Coldwater and Bedford Basins are subject to the provisions of Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or "SGMA"), which was enacted on September 16, 2014. SGMA constitutes a legislative effort to regulate groundwater on a Statewide basis.

DWR has designated the Temescal Basin as a medium priority basin for purposes of groundwater management. In 2017, in accordance with the requirements of SGMA, the City, the City of Norco and Home Gardens County Water District (the public agencies which extract groundwater from the Temescal Basin) entered into a memorandum of understanding relating to the formation of a groundwater sustainability agency (the "**Temescal Basin GSA**") to undertake the joint management of the Temescal Basin. The City agreed to provide staff to manage the Temescal Basin GSA's operations. The Temescal Basin GSA submitted a groundwater sustainability plan for DWR's approval in 2022.

DWR has designated the Coldwater and Bedford Basins as a very low priority basin for purposes of groundwater management, so a groundwater sustainability plan is not required to be prepared under SGMA. However, in 2017, the City, the Temescal Valley Water District and EVMWD entered into a memorandum of understanding relating to the formation of a groundwater sustainability agency (the "**Bedford-Coldwater Basin GSA**") and, together with the Temescal Basin GSA, the "**GSAs**") to undertake the joint management of the Coldwater and Bedford Basins. The Bedford-Coldwater GSA submitted a groundwater sustainability plan for DWR's approval in 2021.

Under SGMA, the GSAs must consider the interests of all groundwater users in the applicable basin and may require registration of groundwater users, the installation of flow meters to measure groundwater extractions and annual reporting of extractions. In addition, the GSAs are authorized to impose spacing requirements on new wells, monitor, regulate and limit or condition groundwater production and establish production allocations among groundwater producers, among other powers. The GSAs are also authorized to impose fees to fund such activities and to fine or issue cease and desist orders against producers that violate the GSA's regulations. Groundwater sustainability plans must include sustainability goals and a plan to implement such goals within 20 years.

The City has been an active participant in the development of the groundwater sustainability plans for the Temescal, Coldwater and Bedford Basins and does not currently expect its groundwater extraction rights or

costs in such basins to change significantly as a result of the enactment of SGMA and the establishment of the GSAs, nor does the City currently expect the enactment of SGMA to have a material adverse effect on the City's ability to pay the 2023 Bonds.

Reclaimed Water. Approximately 11% (3,994 acre feet) of the Water Enterprise's total water supply (including potable and reclaimed water) in Fiscal Year 2022 consisted of reclaimed water. The Utilities Department treats wastewater from its wastewater system to produce reclaimed water for sale to approximately 396 accounts as of Fiscal Year 2022. Non-potable groundwater pumped from the Bedford Basin can also be used to supplement reclaimed water supplies during peak demand months in the summer. See the caption "—General—Reclaimed Water Facilities" for a description of the reclaimed water system's physical facilities.

Water Quality

General. The City's water supplies are treated to applicable regulatory standards prior to delivery to potable water customers, either by the City at City-owned water treatment plants or by WMWD. See the caption "—General—Water Treatment Plants." In particular, water extracted from the Temescal Basin has a high mineral and nitrate content and must be treated at the Temescal Desalter in order to meet water quality standards. In addition, the City's treatment facilities at the Temescal Desalter and the City Park Ion Exchange Treatment Plant remove 1,2,3-Trichloropropane ("TCP"), an industrial chemical that is present in groundwater in the Temescal Basin as a result of past agricultural and manufacturing processes.

In December 2020, the City and the Utility Authority filed a complaint against Dow Chemical Company, Shell USA Inc. and Nutrien AG Solutions in the United States District Court for the Central District of California. The complaint alleged that the defendants manufactured TCP and/or discharged TCP into the Temescal Basin, which caused groundwater produced from four of the Utility Authority's wells to be contaminated with TCP at levels above regulatory limits. In 2022, the City and the Utility Authority settled the foregoing claims in consideration for certain defendants' payment of a net amount of \$19,142,652. Wellhead treatment facilities to remediate TCP are currently being designed for the affected well sites, and the Utility Authority intends to apply the settlement funds to pay all or a portion of the costs of construction of such facilities as well as various other capital improvements to the Water Enterprise over several years. See the caption "—Future Water Enterprise Improvements." Under the settlement agreement, the City and the Utility Authority retain the right to bring additional claims against the defendants for contamination in wells other than the four wells to which the settlement relates.

The City's reclaimed water supplies, which are produced at the City's water reclamation plants (part of the City's wastewater system), are suitable for landscape irrigation under Title 22 of the California Code of Regulations.

PFAS. Perfluorooctanoic acid ("PFOA") and Perfluorooctanesulfonic acid ("PFOS") are fluorinated organic chemicals which are part of a family of synthetic compounds referred to as per- and polyfluoroalkyl substances ("PFAS"). PFAS are water- and lipid-resistant substances that were previously used in a variety of manufacturing processes and industrial applications. They are often present in water supplies which are impacted by wastewater treatment plant effluent or active or former military installations. The City understands that recent technological advances have enabled water agencies to detect PFAS compounds at very low concentrations.

In 2019, the Division lowered the Notification Levels (the "NLs") for PFOA and PFOS to 5.1 and 6.5 parts per trillion ("PPT"), respectively. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. In 2020, the Division lowered the Response Level (the "RL") for PFOA and PFOS from 70 PPT, combined, to 10 and 40 PPT, respectively. RLs are non-regulatory, precautionary health-based measures that are set at higher levels than NLs and represent thresholds at which the Division recommends that water systems remove a water source from use or treat it.

In addition, on March 14, 2023, Maximum Contaminant Levels of 4 PPT for PFOA and PFOS and cumulative limits for certain other chemicals which are described below were proposed by the United States Environmental Protection Agency (the “EPA”). The EPA proposal is currently subject to public comment and there can be no assurance as to the timing or substance of any final EPA rule with respect to PFOA and PFOS. The City is currently conducting trials of its treatment process pursuant to which it is assessing the Water Enterprise’s ability to meet the Maximum Contaminant Levels set forth in the EPA proposal.

In addition to PFOS and PFOA, the Division tasked the California Office of Environmental Health Hazard Assessment with evaluating and recommending NLS for the following additional PFAS compounds on February 6, 2020: perfluorohexane sulfonic acid (known as PFHxS), perfluorobutane sulfonic acid (known as PFBS), perfluorohexanoic acid (known as PFHxA), perfluoroheptanoic acid (known as PFHpA), perfluorononanoic acid (known as PFNA), perfluorodecanoic acid (known as PFDA) and 4,8-dioxia-3H-perfluorononanoic acid (known as ADONA). There can be no assurance as to the timing of the release of such recommendations. The establishment of a Hazard Index (a tool that assesses the cumulative health effect) for aggregate levels of the foregoing compounds other than ADONA is also included in the EPA’s March 14, 2023 regulatory proposal, which is described above.

The City’s goal is to ensure that all drinking water served to customers meets or exceeds all applicable State and federal water quality standards, including those related to PFAS. The Utilities Department treats the Water Enterprise’s groundwater supplies for PFAS in accordance with State mandates, with PFAS levels shown to be below the applicable RLs after treatment and blending is undertaken. See the caption “—General—Water Treatment Plants” for a description of the City’s water treatment facilities.

The City does not currently anticipate that implementation of the lowered PFAS RL by the Division will compel it to construct significant additional PFAS treatment facilities or otherwise result in a material adverse effect on the operation of the Water Enterprise or the costs thereof. The projected operating results which are set forth under the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not assume significant increases in water treatment or other Water Enterprise operating costs to meet State regulations relating to PFAS.

The City, together with the Utility Authority, has initiated litigation against certain PFAS manufacturers and users (the “PFAS Lawsuit”), to recover the costs of designing, constructing and operating and maintaining treatment facilities to address PFAS contamination in the City’s groundwater basins, and to recover other damages arising out of PFAS contamination in groundwater wells, including the additional costs of importing substitute water. The PFAS Lawsuit is being litigated in the United States District Court for the Central District of California, in a matter entitled *City of Corona vs. 3M Company et al.*, and is still in the early stages of discovery. Any monetary award under the PFAS Lawsuit could reimburse the City for its costs to design, construct, operate and maintain PFAS treatment facilities for its groundwater supplies and other associated costs, including the additional costs of importing substitute water. The City will not incur any monetary loss if it does not prevail in the PFAS Lawsuit. The projected operating results set forth under the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not reflect the receipt of any monetary award to the City as a result of the PFAS Lawsuit.

Drought Declarations

State and Federal Orders. On January 17, 2014, the Governor declared a drought state of emergency (the “**Declaration**”) with immediate effect. The Declaration included an order encouraging local urban water suppliers, including the City, to implement their local water shortage contingency plans; the City’s plan is discussed under the subcaption “—City Response to Drought.” On April 7, 2017, after significant improvement in water supply conditions across California, the Governor issued Executive Order B-40-17, which rescinded mandatory conservation measures for most California counties (including the County).

In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to water conservation and drought planning and empower DWR and the SWRCB to adopt long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; (iii) commercial, industrial and institutional water use for landscape irrigation; and (iv) water loss. The indoor water use standard has been defined as 55 gallons per person per day (“GPCD”) until January 2025; the standard will decrease over time to 50 GPCD in January 2030. Standards for outdoor residential water use and commercial, industrial and institutional water use for landscape irrigation are still being developed. Urban water suppliers will be required to stay within annual water budgets, based on these standards, for their service areas.

The City is unable to predict the effect on the Water Enterprise of the implementation of Senate Bill 606 and Assembly Bill 1668 or any future legislation with respect to water conservation. However, the City is meeting and believes that it will be continue to be able to meet the 55 GPCD standard for indoor water use, along with annual State-mandated water use efficiency standards, based on the City’s current water demands and ongoing efforts to encourage conservation, as described below under the subcaption “—City Response to Drought.” The City also has a tiered rate structure for residential customers that further promotes water use efficiency by charging a higher rate for water use in excess of maximum amounts within each tier. See the caption “—Water Enterprise Rates and Charges—Current Rates and Charges.”

On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 28, 2022, the Governor requested that all water users voluntarily reduce water use by 20%. These declarations encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the SWRCB to adopt regulations that prohibit wasteful water use (such as the use of potable water to wash paved surfaces or to irrigate landscaping during the two days following rainfall). Such regulations went into effect on June 10, 2022. There can be no assurance that subsequent State declarations will not impose mandatory water use restrictions should dry conditions persist in 2023 or future years. The City notes that the State experienced significant precipitation in the winter and early spring of 2023.

In August 2021, the federal government declared a water shortage at Lake Mead, which is a major storage reservoir on the Colorado River. As discussed under the caption “—Water Supply—Imported Water,” Colorado River supplies are among the water sources for MWD, which provides water to the City’s water wholesaler, WMWD. The water shortage declaration triggered cuts in water allocations for water users in Arizona and Nevada, although not for MWD or other users in California. Notwithstanding the foregoing, in December 2021, water users in California (including MWD), Arizona and Nevada agreed to voluntary cuts of 500,000 acre feet of water from the Colorado River in both 2022 and 2023, and MWD agreed to pay up to \$20 million to certain agricultural rights holders that leave their land fallow. In April 2023, the United States Department of the Interior released a draft environmental impact statement (the “EIS”) which proposes three alternatives for reducing Colorado River allocations in the American Southwest, including one alternative that could reduce California’s allocation by up to one quarter. There can be no assurance as to the content or timing of the final version of the April 2023 EIS, nor can there be any assurance that subsequent declarations with respect to the Colorado River will not require mandatory water cuts to MWD should dry conditions persist in 2023 or future years.

In order to achieve compliance with the SWRCB’s June 10, 2022 regulations, the City is currently implementing Stage 2 of its water shortage contingency plan. The City believes that it has significant water supplies and storage and is well positioned to respond to both drought and regulatory requirements. At this time, the City does not foresee a water supply shortage. See the subcaption “—Water Shortage Contingency Plan.”

Water Shortage Contingency Plan. The City’s water shortage contingency plan, which meets State guidelines for such plans, calls for the City to respond to a water shortage in stages as follows:

- Stage 1 is intended to reflect normal supply conditions and voluntary water conservation and is always in effect unless a higher stage has been implemented by the City Council. Under Stage 1, all normal water efficiency programs and water conservation regulations, including the City’s landscape design guidelines for commercial and industrial developments, are in effect.

- Stage 2 is intended to effect a reduction in water use of 10% - 15%. Under Stage 2, the Stage 1 restrictions are in place and a base annual consumption amount is set for each customer, with the objective of reducing consumption by 10% - 15% below that amount. Under Stage 2, landscaping may be irrigated no more than three days per week between the hours of 8:00 p.m. and 10:00 a.m., hoses must be equipped with automatic shut-off nozzles, swimming pools and ornamental water features must be equipped with recirculating pumps, water may not be used to wash paved surfaces and restaurants may not serve water unless requested.

- Stage 3 is intended to effect a reduction in water use of 16% - 20%. Under Stage 3, the Stage 1 and 2 restrictions are in place, customers must reduce consumption by 16% - 20% from the base annual consumption amount, landscaping may be irrigated no more than two days per week between the hours of 8:00 p.m. and 10:00 a.m., the operation of any ornamental water feature is prohibited and construction meters may only be issued when previously issued meters are returned.

- Stage 4 is intended to effect a reduction in water use of 21% - 40%. Under Stage 4, the Stage 1, 2 and 3 restrictions are in place, customers must reduce consumption by 21% - 40% from the base annual consumption amount, landscape irrigation is limited to one day a week in the minimum amount that is necessary to support the survival of trees and shrubs, the washing of automobiles is prohibited except at commercial car washes and no new construction meters will be issued.

- Stage 5 is intended to effect a reduction in water use of over 40%. Under Stage 5, the Stage 1, 2, 3 and 4 restrictions are in place, customers must reduce consumption by over 40% from the base annual consumption amount, landscape irrigation is prohibited and no new connections to the Water Enterprise are permitted.

For planning purposes under the City’s water shortage contingency plan, demand is assumed to be 38,351 acre feet per year, the projected normal year demand in 2045.

The City is empowered to enforce its water shortage contingency plan with successively increasing fines, the installation of flow restriction devices and the termination of water service.

Water consumption under Stages 3, 4 and 5 of the City’s water shortage contingency plan is subject to a temporary revenue stability charge in addition to normal water rates in order to ensure that the City has adequate revenues to cover fixed operating costs of the Water Enterprise. See the caption “—Water Enterprise Rates and Charges—Adopted Rates and Charges.”

The projected Water Enterprise operating results that are set forth under the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect the continued implementation of Stage 2 of the City’s water shortage contingency plan. The City does not currently expect that the implementation of the water shortage contingency plan in the future will have a material adverse effect on its ability to pay the 2023 Bonds from Net Revenues. As discussed under the caption “—Water Enterprise Rates and Charges,” the City’s rate structure consists of variable and fixed rate components. Decreased water consumption is partially offset by a decrease in related variable costs, while fixed water charges largely cover the Water Enterprise’s fixed operating and maintenance costs. In addition, the City has covenanted to set Water Enterprise rates and charges in amounts that it expects to be sufficient to pay the 2023 Bonds from Net Revenues. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant.”

If a water shortage should arise again in the future, legal issues exist as to whether different California Water Code provisions or State regulations will be invoked to manage the allocation of water. Any curtailment pursuant to State orders could necessitate an increase in the City’s water rates to Water Enterprise customers. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of certain restrictions on the City’s ability to raise water rates.

Historical Water Enterprise Supply

The following table shows sources of supply for the Water Enterprise for the last five Fiscal Years.

**Table 1
City of Corona
Historical Water Supply in Acre Feet**

<i>Fiscal Year Ended June 30</i>	<i>Groundwater</i>	<i>Imported Water</i>	<i>Reclaimed Water</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2018	15,507	18,241	4,255	38,003	N/A%
2019 ⁽¹⁾	15,329	16,010	4,255	35,594	(6.34)
2020	16,446	16,539	3,959	36,944	3.79
2021	16,228	18,717	4,186	39,131	5.92
2022 ⁽²⁾	15,562	18,403	3,994	37,959	(3.00)

⁽¹⁾ Decrease reflects wet hydrological year.

⁽²⁾ Decrease reflects conservation by customers in light of Statewide drought. See the caption “—Drought Declarations.”
Source: City.

Historical Water Enterprise Deliveries

The following table shows potable and reclaimed water deliveries to Water Enterprise customers for the last five Fiscal Years.

Table 2
City of Corona
Historical Water Enterprise Deliveries in Acre Feet⁽¹⁾

<i>Fiscal Year Ended June 30</i>	<i>Residential Customers</i>	<i>Commercial Customers</i>	<i>Other Customers⁽²⁾</i>	<i>Reclaimed Water Customers⁽³⁾</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2018	21,703	2,884	5,172	4,340	34,099	N/A%
2019 ⁽⁴⁾	19,981	2,711	4,453	4,255	31,400	(7.92)
2020	21,340	2,645	4,660	3,959	32,604	3.83
2021	22,864	2,630	5,086	4,186	34,766	6.63
2022 ⁽⁵⁾	22,125	2,773	5,118	3,911	33,926	(2.41)

(1) Differences between water deliveries and water supplies set forth under the caption “—Historical Water Enterprise Supply” reflect unaccounted for water, including water losses and inaccuracies in water meter readings.

(2) Reflects potable water deliveries to industrial, public agency, irrigation, agricultural and other customers. Reclaimed water deliveries to such customers are reflected in the Reclaimed Water Customers column.

(3) Non-potable water is periodically added to recycled water deliveries to meet the demands of the City’s customers during peak summer months. As such, deliveries to recycled water customers shown in the table exceed recycled water supplies set forth in Table 2 in certain Fiscal Years. See the captions “—Water Supply—Recycled Water.”

(4) Decrease reflects wet hydrological year.

(5) Decrease reflects conservation by customers in light of Statewide drought. See the caption “—Drought Declarations.”

Source: City.

Historical water deliveries reflect connections to the Water Enterprise as well as water demand, which can be affected by weather conditions, State mandates and other factors.

Historical Water Enterprise Connections

The following table shows the number of connections to the Water Enterprise for the last five Fiscal Years.

Table 3
City of Corona
Historical Water Enterprise Connections

<i>Connection Type</i>	<i>Fiscal Year 2018</i>	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2020</i>	<i>Fiscal Year 2021</i>	<i>Fiscal Year 2022</i>
Residential	39,595	40,063	40,428	41,005	41,221
Commercial	2,870	2,934	2,971	3,027	3,104
Other ⁽¹⁾	1,500	1,498	1,499	1,513	1,535
Reclaimed Water	<u>374</u>	<u>384</u>	<u>390</u>	<u>403</u>	<u>396</u>
TOTAL	44,339	44,879	45,288	45,948	46,256
Percentage Increase/(Decrease)	N/A	1.20%	0.91%	1.46%	0.67%

(1) Includes industrial, public agency, irrigation, agricultural and other customers.

Source: City.

Historical Water Enterprise Sales Revenues

The following table shows the sales revenues of the Water Enterprise for the last five Fiscal Years. Connection fees are not included in the below numbers.

Table 4
City of Corona
Historical Water Enterprise Sales Revenues

<i>Fiscal Year Ended June 30</i>	<i>Residential Customers</i>	<i>Commercial Customers</i>	<i>Other Customers⁽¹⁾</i>	<i>Reclaimed Water Customers⁽²⁾</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2018	\$34,490,437	\$5,711,532	\$ 8,894,512	\$3,276,523	\$52,373,004	N/A%
2019 ⁽³⁾	32,632,803	5,469,362	7,807,923	3,114,292	49,024,380	(6.39)
2020	34,983,946	5,451,317	8,177,929	3,067,417	51,680,609	5.42
2021	39,371,891	5,434,933	9,946,563	3,733,562	58,486,949	13.17
2022	40,118,327	5,880,322	10,019,496	4,007,260	60,025,405	2.63

⁽¹⁾ Reflects potable water sales revenues from industrial, public agency, irrigation, agricultural and other customers. Reclaimed water sales revenues from such customers are reflected in the Reclaimed Water Customers column.

⁽²⁾ These amounts differ from the amounts in Table 15 under the caption "WATER ENTERPRISE FINANCIAL INFORMATION—Historical Operating Results and Debt Service Coverage" because the above amounts do not include revenues from wholesale reclaimed water sales.

⁽³⁾ Decrease reflects wet hydrological year.

Source: City.

Water Enterprise sales revenues reflect water deliveries as well as adopted rates and charges. See the captions "—Historical Water Enterprise Deliveries" and "—Water Enterprise Rates and Charges."

Largest Water Enterprise Customers

The following table shows the largest Water Enterprise customers for the Fiscal Year ended June 30, 2022, as determined by annual payments. The below table reflects information for both potable and recycled water customers of the Water Enterprise.

Table 5
City of Corona
Ten Largest Water Enterprise Customers

<i>Customer</i>	<i>Customer Type</i>	<i>Annual Payment</i>	<i>Percentage of Total Water Enterprise Sales Revenues</i>
City of Corona	Government	\$3,797,709	6.33%
Corona-Norco Unified School District	Government	996,029	1.66
CLI Atlas LLC	Apartments	486,237	0.81
Eagle Glen Master Homeowners Association	Homeowners Association	379,862	0.63
Raintree Corona Pointe, LLC	Apartments	378,675	0.63
Eagle Glen Country Club, LLC	Golf Course	320,208	0.53
Aseptic Solutions USA	Industrial	318,655	0.53
Breit MF Promenade Terrace LLC	Apartments	177,884	0.30
California Department of Transportation Division 8	Government	160,539	0.27
MM Meadowood Holdings, LLC	Apartments	<u>159,649</u>	<u>0.27</u>
Total		\$7,175,447	11.95%

Source: City.

These customers accounted for approximately 11.95% of total Water Enterprise sales revenues and service charges of \$60,025,405 in Fiscal Year 2022.

Water Enterprise Rates and Charges

General. The Water Enterprise’s rates and charges are set by the City Council and are not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The City is, however, required to comply with the notice, hearing and majority protest provisions of Article XIID of the State Constitution, which is popularly known as Proposition 218, as to Water Enterprise rates and charges. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for further information with respect to Proposition 218.

The City annually determines the adequacy of the charge structure for water service in the service area after full consideration of expected operations, maintenance, capital costs and capital repayment obligations of the Water Enterprise. The City Council sets water rates and charges at a level that it determines is sufficient to pay all Direct Costs of groundwater pumping and imported water purchases, to recover Allocated Costs and other operating expenses for the Water Enterprise, to make debt service payments and to maintain appropriate reserves for the Water Enterprise.

On January 15, 2020, the City Council adopted potable and reclaimed water rates effective January 19, 2020 and each January 1 thereafter through January 1, 2024 (the “**Adopted Rate Plan**”) in accordance with the provisions of Proposition 218. There can be no assurance that the City Council will not repeal or modify the rates that are set forth in the Adopted Rate Plan in the future or that the City’s ratepayers will not approve an initiative to repeal or modify any increase in water rates and charges approved by the City Council.

The Utility Authority is subject to certain covenants with respect to the 2023 Bonds which require the Utility Authority to fix, prescribe, revise and collect rates and charges for the services and facilities furnished by the Water Enterprise, or cause the City to do so, during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 125% of debt service of the Water Enterprise in such Fiscal Year. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant.”

The City has initiated the process of engaging a consultant for the purpose of preparing a study of Water Enterprise rates and operating expenses. The projected operating results which are set forth under the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” assume Water Enterprise rate increases in accordance with the Adopted Rate Plan through January 1, 2024, as well as rate increases which are conservatively projected at approximately 2% per annum from January 1, 2025 through January 1, 2027, and which have not yet been approved. Actual rate increases depend upon City Council action and the results of the rate study to be undertaken as discussed above. There can be no assurance that Water Enterprise rates will be increased as projected herein. In the event that the City Council does not adopt rate increases as currently contemplated, Water Enterprise operating results could be materially different from the projections in this Official Statement.

Adopted Rates and Charges. The City’s water rates and charges include: (1) a monthly commodity rate based on water usage; (2) a fixed monthly service charge based on meter size, which is referred to as a Readiness-to-Serve Charge (the “**RTS Charge**”); and (3) when Stages 3, 4 and 5 of the City’s water shortage contingency plan are being implemented, an additional temporary revenue stability charge.

(1) Commodity Rates. The City imposes commodity rates on a tiered basis per hundred cubic feet of water (“**CCF**”) used in each billing cycle. Adopted commodity rates under the Adopted Rate Plan are set forth below.

Table 6
City of Corona
Water Commodity Rates per CCF

<i>Tier</i>	<i>Tier Description</i>	<i>1/1/2023</i>	<i>1/1/2024</i>
<i>Residential Customers</i>			
1	Water use up to efficient indoor water budget	\$ 1.83	\$ 1.93
2	Water use up to efficient outdoor water budget	2.63	2.77
3	Water use 1% - 50% over water budget (indoor + outdoor)	5.21	5.48
4	Water use 51% - 100% over water budget (indoor + outdoor)	8.68	9.12
5	Water use over 100% over water budget (indoor + outdoor)	12.94	13.59
<i>Non-Residential Customers</i>			
1	Water use up to efficient water budget	\$ 2.63	\$ 2.77
2	Water use 1% - 50% over water budget	5.21	5.48
3	Water use 51% - 100% over water budget	8.68	9.12
4	Water use over 100% over water budget	12.94	13.59
<i>Non-Residential Customers with Dedicated Irrigation Meters</i>			
1	Water use up to efficient outdoor water budget	\$ 2.63	\$ 2.77
2	Water use 1% - 50% over outdoor water budget	5.21	5.48
3	Water use 51% - 100% over outdoor water budget	8.68	9.12
4	Water use over 100% over outdoor water budget	12.94	13.59
<i>Reclaimed Water</i>			
1	Water use up to efficient water budget	\$ 2.03	\$ 2.14
2	Water use 1% - 50% over water budget	3.06	3.21
3	Water use 51% - 100% over water budget	4.07	4.27
4	Water use over 100% over water budget	6.10	6.41

Source: City.

(2) Fixed Monthly RTS Charge. Fixed monthly RTS charges based on water meter size under the Adopted Rate Plan are set forth below.

Table 7
City of Corona
RTS Charges

<i>Meter Size</i>	<i>Potable Water</i>		<i>Reclaimed Water</i>	
	<i>1/1/2023</i>	<i>1/1/2024</i>	<i>1/1/2023</i>	<i>1/1/2024</i>
5/8"	\$ 25.80	\$ 27.09	\$ 22.40	\$ 23.52
3/4"	34.72	36.46	29.34	30.81
1"	52.55	55.18	43.23	45.39
1½"	97.12	101.98	77.95	81.84
2"	150.60	158.13	119.61	125.59
3"	319.95	335.95	251.55	264.13
4"	569.54	598.02	445.98	468.28
6"	1,434.18	1,505.89	1,119.55	1,175.53
8"	2,503.82	2,629.02	1,952.84	2,050.48
10"	3,751.74	3,939.33	2,925.00	3,071.25

Source: City.

(3) Temporary Revenue Stability Charge. When the City implements Stages 3, 4 and 5 of its water shortage contingency plan, a surcharge is imposed per CCF of water consumed under the Adopted Rate Plan as set forth below.

Table 8
City of Corona
Temporary Revenue Stability Charges per CCF

<i>Water Shortage Contingency Plan Stage</i>	<i>Temporary Revenue Stability Charge</i>
1	\$0.00
2	0.00
3	0.15
4	0.45
5	0.84

Source: City.

To date, the Utilities Department has never implemented the temporary revenue stability charge. The projected operating results which are set forth under the caption "WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" do *not* reflect the receipt of additional Revenues from the temporary revenue stability charge in the current or next four Fiscal Years.

Capacity Fees. The City charges a fee to customers for connecting to the Water Enterprise. Current capacity fees are as follows:

**Table 9
City of Corona
Water Enterprise Capacity Fees**

<i>Meter Size</i>	<i>Capacity Fee</i>
1/2"	\$ 5,024.00
1/2" High Density	2,512.00
5/8"	6,699.00
5/8" High Density	3,350.00
3/4"	10,048.00
3/4" High Density	5,024.00
1"	15,072.00
1½"	25,121.00
2"	50,241.00
3"	80,386.00
4"	150,724.00
6"	251,207.00
Reclaimed Water	Actual Cost

Source: City.

Comparison to Nearby Service Providers. The table below sets forth a comparison of the City's typical water bill (monthly equivalent) for a single family residential user to those of certain nearby water purveyors. Information for agencies other than the City is as of calendar year 2022 where available, while information for the City is as of the date of this Official Statement.

**Table 10
City of Corona
Water Rate Comparison**

<i>Community</i>	<i>1" Meter Monthly Fixed Rate</i>	<i>Rate per Unit⁽¹⁾</i>
Western Municipal Water District – Murrieta Division	\$72.91	\$2.58
City of Norco	71.01	2.70
Elsinore Valley Municipal Water District	53.25	2.72
City of Corona	52.55	1.83
City of Riverside	41.26	1.30

⁽¹⁾ One unit is equivalent to 100 cubic feet (748 gallons) of water.

Source: City.

Water Enterprise Collection Procedures

The Utilities Department is on a monthly billing cycle for water, wastewater, sanitation, electric and emergency management system service, as applicable. A consolidated bill is sent out every month to Utilities Department customers. Payment is due by the 20th day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder bill, with a 10% penalty assessment. Sixty-six days after the date billed, a notice of shutoff of service will be mailed to the billing address of the customer. A processing charge will be assessed on that notice, which informs the

customer that service will be discontinued if the bill is not paid in full within 80 days of the original billing date. Accounts that have been shut off may be reconnected upon payment in full of outstanding balances and a reconnection fee of \$43.

See the caption “THE CITY—COVID-19 Outbreak” for a discussion of the suspension of water shutoffs through December 31, 2021. The suspension prevented the City from shutting off delinquent accounts as described in the preceding paragraph. On February 28, 2022, the City re-instituted its standard collection procedures which were in place prior to the pandemic.

Delinquent Water Enterprise receivables totaled approximately \$1,868,432 as of June 30, 2022, significantly higher than the \$118,103 delinquent amount as of June 30, 2019. Approximately 2,494 accounts are currently more than 80 days delinquent, of which 2,197 have entered into payment plans. Notwithstanding the foregoing, in early 2022, the City received \$1,681,282 under the CWWAPP to cover Water Enterprise delinquencies. See the caption “THE CITY—COVID-19 Outbreak.” The City reports that nearly all customers pay their bills in full, including late charges, prior to shutoff.

Future Water Enterprise Improvements

The City projects total capital improvements to the Water Enterprise of approximately \$111.2 million during Fiscal Years 2024 through 2027, including: (i) the construction of a 2.5 million gallon new water storage tank (\$14.5 million); (ii) meter replacements (\$10.1 million); (iii) waterline replacements (\$20.3 million); (iv) wellhead treatment facilities and other projects to remediate TCP and PFAS (\$10.4 million); (v) well and pump rehabilitations (\$3.8 million); (vi) the construction of a new pump station for the reclaimed water system (\$2.5 million); and (vii) other miscellaneous Water Enterprise improvements (\$49.6 million).

Such capital improvements are expected to be financed by a combination of Water Enterprise reserves, State and federal grants, the \$19,142,652 in TCP settlement funds that are discussed under the caption “—Water Quality—General” and Net Revenues remaining after the payment of debt service on the 2023 Bonds. The Utility Authority does not currently expect to issue additional Parity Obligations to finance Water Enterprise capital improvements through Fiscal Year 2027. However, the Utility Authority notes that the rate study to be undertaken in Fiscal Year 2024 (as discussed under the caption “—Water Enterprise Rates and Charges—General”) has not yet been completed and no assurance can be provided that the Utility Authority will not issue additional Parity Obligations prior to Fiscal Year 2027.

Projected Water Enterprise Supply

The following table shows the sources of supply for the Water Enterprise projected by the City for the current and next four Fiscal Years.

**Table 11
City of Corona
Projected Water Supply in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Groundwater</i>	<i>Imported Water</i>	<i>Reclaimed Water</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2023	15,563	19,868	4,389	39,820	4.90% ⁽¹⁾
2024	15,337	20,489	4,592	40,418	1.50
2025	15,112	21,110	4,795	41,017	1.48
2026	15,112	21,110	4,865	41,087	0.17
2027	15,112	21,110	4,935	41,157	0.17

⁽¹⁾ Increase primarily reflects increased allocation of imported water to the Water Enterprise by WMWD. See the caption “—Water Supply—Imported Water.”
Source: City.

Projected Water Enterprise Deliveries

The following table shows Water Enterprise deliveries projected by the City for the current and next four Fiscal Years.

**Table 12
City of Corona
Projected Water Enterprise Deliveries in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Residential Customers</i>	<i>Commercial Customers</i>	<i>Other Customers⁽¹⁾</i>	<i>Reclaimed Water Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2023	21,667	3,024	4,520	4,389	33,600	(0.96)% ⁽²⁾
2024	21,514	3,051	4,420	4,592	33,578	(0.07) ⁽²⁾
2025	21,362	3,078	4,320	4,795	33,555	(0.07) ⁽²⁾
2026	21,398	3,083	4,252	4,865	33,598	0.13
2027	21,433	3,088	4,184	4,935	33,640	0.13

⁽¹⁾ Reflects projected potable water deliveries to industrial, public agency, irrigation, agricultural and other customers. Projected reclaimed water deliveries to such customers are reflected in the Reclaimed Water Customers column.

⁽²⁾ Decreases reflect wet hydrological year in Fiscal Year 2023 as well as continued conservation by Water Enterprise customers.
Source: City.

Water Enterprise deliveries can be affected by a number of factors, including connections to the Water Enterprise, State mandates and weather conditions. See the caption “—Projected Water Enterprise Connections” below.

Projected Water Enterprise Connections

The following table shows the number of retail connections to the Water Enterprise projected by the City for the current and next four Fiscal Years.

**Table 13
City of Corona
Projected Water Enterprise Connections**

<i>Connection Type</i>	<i>Fiscal Year 2023</i>	<i>Fiscal Year 2024</i>	<i>Fiscal Year 2025</i>	<i>Fiscal Year 2026</i>	<i>Fiscal Year 2027</i>
Residential	41,633	42,050	42,470	42,895	43,324
Commercial	3,135	3,166	3,198	3,230	3,262
Other ⁽¹⁾	1,550	1,566	1,582	1,597	1,613
Reclaimed Water	<u>400</u>	<u>404</u>	<u>408</u>	<u>412</u>	<u>416</u>
TOTAL	46,718	47,186	47,658	48,134	48,615
Percentage Increase/(Decrease)	1.00%	1.00%	1.00%	1.00%	1.00%

⁽¹⁾ Includes industrial, public agency, irrigation, agricultural and other customers.

Source: City.

Projected increases in connections reflect expectations of development within the Water Enterprise service area.

Projected Water Enterprise Sales Revenues

The following table shows the sales revenues of the Water Enterprise projected by the City for the current and next four Fiscal Years. The projections: (i) are based on the increases in projected water deliveries that are described under the caption “—Projected Water Enterprise Deliveries;” and (ii) assume Water Enterprise rate increases in accordance with the Adopted Rate Plan, as described under the caption “—Water Enterprise Rates and Charges,” as well as rate increases which are conservatively projected at approximately 2% per annum beginning on January 1, 2025, and which have not yet been adopted. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that rate increases which are projected in calendar years 2025 and thereafter will be approved. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Table 14
City of Corona
Projected Water Enterprise Sales Revenues

<i>Fiscal Year Ending June 30</i>	<i>Potable Water Customers⁽¹⁾</i>	<i>Reclaimed Water Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2023 ⁽²⁾	\$58,906,000	\$5,439,590	\$64,345,590	7.20%
2024 ⁽³⁾	58,175,000	5,285,872	63,460,872	(1.37)
2025	59,644,000	5,413,411	65,057,411	2.52
2026	60,836,880	5,521,679	66,358,559	2.00
2027	62,053,618	5,632,113	67,685,731	2.00

⁽¹⁾ Reflects projected potable water sales revenues from residential, commercial industrial, public agency, irrigation, agricultural and other customers. Projected reclaimed water sales revenues from such customers are reflected in the Reclaimed Water Customers column.

⁽²⁾ Increase from Fiscal Year 2022 reflects amounts budgeted for Fiscal Year 2023 as of early 2022.

⁽³⁾ Decrease from Fiscal Year 2023 reflects conservative budget assumption for Fiscal Year 2024, including continued conservation by customers.

Source: City.

WATER ENTERPRISE FINANCIAL INFORMATION

Available Cash

As of June 30, 2022, the Water Enterprise maintained approximately \$29,379,363 in cash on hand, capital replacement reserves, operating reserves and other available moneys, which is equivalent to approximately 216 days' operating expenses of the Water Enterprise. See Notes 1.C and 3 to the financial statements set forth in Appendix A for further information with respect to the City's reserves and investment policies.

See the caption "THE CITY—Governance and Management—Management Policies—Water Utility Fund Reserve Policy" for a discussion of the Water Utility Fund reserve policy. As of July 1, 2022, \$725,621 was held in the Water Utility Fund reserve. Such amount is included in the \$29,379,363 cash on hand amount that is discussed in the prior paragraph.

Historical Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Water Enterprise for the last five Fiscal Years. These results have been derived from the audited financial statements of the City but exclude certain receipts which are not included as Gross Revenues under the Indenture and certain non-cash items and include certain other adjustments.

Table 15
City of Corona
Historical Water Enterprise Operating Results and Debt Service Coverage
Fiscal Year Ended June 30

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Revenues					
Water Sales ⁽¹⁾	\$ 48,734,323	\$ 45,760,500	\$ 47,810,060	\$ 53,667,203	\$ 55,566,534
Reclaimed Water Sales ⁽¹⁾⁽²⁾	3,638,681	3,263,880	3,870,549	4,819,746	4,458,871
Fees and Permits	3,007,601	9,311,230	4,596,531	4,241,960	3,734,857
Fines and Penalties ⁽³⁾	535,125	531,904	412,308	(2,271)	231,125
Other ⁽⁴⁾	<u>2,078,742</u>	<u>2,248,157</u>	<u>2,333,812</u>	<u>2,055,449</u>	<u>2,215,013</u>
Total Revenues	\$ 57,994,472	\$ 61,115,671	\$ 59,023,260	\$ 64,782,086	\$ 66,206,399
Operation and Maintenance Costs					
Personnel Services	\$ 8,575,003	\$ 9,313,762	\$ 10,381,887	\$ 8,351,899 ⁽⁵⁾	\$ 8,747,754
Contractual	4,839,795	3,920,730	4,294,314	3,860,424	3,876,272
Water Purchases	14,715,725	12,954,746	14,032,237	17,627,566	16,833,727
Material and Supplies	12,134,214	11,834,346	13,136,476	14,292,736	14,136,601
Utilities	4,983,923	4,636,635	4,794,237	5,797,380	6,037,175
Other	<u>127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operation and Maintenance Costs	\$ 45,248,787	\$ 42,660,219	\$ 46,639,151	\$ 49,930,006	\$ 49,631,529
Net Revenues	\$ 12,745,685	\$ 18,455,452	\$ 12,384,109	\$ 14,852,080	\$ 16,574,871
Debt Service					
SRF Loan	\$ 1,915,874	\$ 1,915,146	\$ 1,915,133	\$ 1,912,901	\$ 1,912,851
2012 Bonds	<u>2,724,763</u>	<u>2,517,625</u>	<u>2,861,651</u>	<u>2,716,212</u>	<u>2,717,850</u>
Total Debt Service	\$ 4,640,637	\$ 4,432,771	\$ 4,776,784	\$ 4,629,113	\$ 4,630,700
Debt Service Coverage	2.75	4.16	2.59	3.21	3.58
Remaining Net Revenues	\$ 8,105,048	\$ 14,022,681	\$ 7,607,325	\$ 10,222,968	\$ 11,944,171

(1) Decreases in Fiscal Year 2019 reflect wet hydrological year.

(2) These amounts differ from the amounts in Table 4 under the caption “THE WATER ENTERPRISE—Historical Water Enterprise Sales Revenues” because the above amounts include revenues from wholesale reclaimed water sales.

(3) Decreases in Fiscal Years 2020 through 2022 reflect moratorium on collection of late fees and penalties during COVID-19 pandemic. See the caption “THE CITY—COVID-19 Outbreak.”

(4) Includes investment earnings, lease income and MWD Local Resources Program funding.

(5) Decrease reflects combined effect of adjustments arising from the implementation of GASB 68 (as discussed under the caption “—Employee Benefits—Pension Obligations”) and reorganization of Utilities Department under which certain employees were allocated to the City’s General Fund and not replaced by additional Utilities Department hires.

Source: City.

Projected Operating Results and Debt Service Coverage

Estimated projected operating results for the Water Enterprise for the current and next four Fiscal Years, reflecting certain significant assumptions concerning future events and circumstances (including those set forth in the footnotes to the table) are set forth below. All of such assumptions are material in the development of the City’s financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Table 16
City of Corona
Projected Water Enterprise Operating Results and Debt Service Coverage
Fiscal Year Ending June 30

	2023 ⁽¹⁾	2024	2025	2026	2027
Revenues					
Water Sales ⁽²⁾	\$ 58,906,000	\$ 58,175,000	\$ 59,644,000	\$ 60,836,880	\$ 62,053,618
Reclaimed Water Sales ⁽²⁾	5,439,590	5,285,872	5,413,411	5,521,679	5,632,113
Fees and Permits ⁽³⁾	3,347,741	3,429,843	4,734,498	4,781,843	4,829,661
Fines and Penalties ⁽⁴⁾	618,100	696,300	720,300	734,706	749,400
Other ⁽⁵⁾	<u>21,203,509</u>	<u>2,532,684</u>	<u>2,504,741</u>	<u>2,554,836</u>	<u>2,605,933</u>
Total Revenues	\$ 89,514,940	\$ 70,119,699	\$ 73,016,950	\$ 74,429,944	\$ 75,870,724
Operation and Maintenance Costs					
Personnel Services ⁽⁶⁾	\$ 9,254,774	\$ 8,893,060	\$ 9,070,921	\$ 9,252,340	\$ 9,437,386
Contractual ⁽⁷⁾	4,501,922	4,115,827	4,198,144	4,282,106	4,367,749
Water Purchases ⁽⁸⁾	17,496,901	19,940,381	20,339,189	20,745,972	21,160,892
Material and Supplies ⁽⁹⁾	15,461,232	19,448,205	19,837,169	20,233,912	20,638,591
Utilities ⁽¹⁰⁾	<u>6,466,285</u>	<u>7,076,548</u>	<u>7,218,079</u>	<u>7,362,441</u>	<u>7,509,689</u>
Total Operation and Maintenance Costs	\$ 53,181,114	\$ 59,474,021	\$ 60,663,501	\$ 61,876,771	\$ 63,114,307
Net Revenues	\$ 36,333,826	\$ 10,645,678	\$ 12,353,449	\$ 12,553,173	\$ 12,756,418
Debt Service					
SRF Loan	\$ 1,944,995	\$ 1,944,995	\$ 1,944,995	\$ 1,944,995	\$ -
2012 Bonds ⁽¹¹⁾	2,725,725	-	-	-	-
2023 Bonds*	<u>-</u>	<u>2,461,462</u>	<u>2,493,125</u>	<u>2,484,500</u>	<u>2,477,000</u>
Total Debt Service*	\$ 4,670,720	\$ 4,406,457	\$ 4,438,120	\$ 4,429,495	\$ 2,477,000
Debt Service Coverage*	7.78	2.42	2.78	2.83	5.15
Remaining Net Revenues*	\$ 31,663,106	\$ 6,239,221	\$ 7,915,329	\$ 8,123,678	\$ 10,279,418

(1) Reflects budgeted amounts with certain adjustments, including \$19,142,652 in TCP settlement funds. See footnote (5).

(2) Includes projected revenues from commodity rates and RTS Charges. Assumes implementation of the Adopted Rate Plan as described under the caption "THE WATER ENTERPRISE—Water Enterprise Rates and Charges" and rate increases which are conservatively projected at approximately 2% per annum beginning in January 2025, and which have not yet been adopted. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that rate increases which are projected in calendar years 2025 and thereafter will be approved. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

(3) Reflects projected development within the City.

(4) Projected to increase by approximately 12.65% in Fiscal Year 2024 as pandemic-related restrictions terminate, by approximately 3.45% in Fiscal Year 2025 and by approximately 2% per annum thereafter.

(5) Includes investment earnings, lease income and MWD Local Resources Program funding. Projected to increase by approximately 22.89% in Fiscal Year 2024 (reflecting increase in interest rates and increased MWD Local Resources Program funding), to decrease by approximately 1% in Fiscal Year 2025 (reflecting loss of solid waste billing reimbursements from solid waste hauler) and to increase by approximately 2% per annum thereafter. Fiscal Year 2023 amount includes \$19,142,652 in TCP settlement funds. See the caption "THE WATER ENTERPRISE—Water Quality—General."

(6) Projected to decrease by approximately 3.90% in Fiscal Year 2024 (reflecting changes in allocation of personnel to Utilities Department) and to increase by approximately 2% per annum thereafter.

(7) Projected to decrease by approximately 8.58% in Fiscal Year 2024 (reflecting certain costs that will be paid from rolled over Fiscal Year 2023 moneys) and to increase by approximately 2% per annum thereafter.

(8) Projected to increase by approximately 13.96% in Fiscal Year 2024 (reflecting pass-through of rate increases from WMWD, the City's wholesale supplier) and by approximately 2% per annum thereafter. See the caption "THE WATER ENTERPRISE—Water Supply—Imported Water."

(9) Projected to increase by approximately 25.79% in Fiscal Year 2024 (reflecting cost increases resulting from inflation) and by approximately 2% per annum thereafter.

(10) Projected to increase by approximately 9.44% in Fiscal Year 2024 (reflecting increase in energy costs) and by 2% per annum thereafter.

(11) These obligations are expected to be refunded from proceeds of the 2023 Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."

Source: City.

* Preliminary, subject to change.

Employee Benefits

Pension Obligations. Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 (“**GASB 68**”). GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer’s balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer’s actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City’s accounting and reporting requirements, but it does not change the City’s pension plan funding obligations.

The City participates in a Miscellaneous Plan to fund pension benefits for employees that serve the Water Enterprise. The City’s pension plan is administered by the California Public Employees’ Retirement System (“**CalPERS**”). CalPERS administers agent multiple-employer public employee defined benefit pension plans for all of the City’s full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

City employees are subject to different benefit levels based on their hire date. Current benefit provisions for City employees are set forth below.

Table 17
City of Corona
CalPERS Miscellaneous Plan – Summary of Benefit Provisions

	<i>Employees Hired Before January 1, 2013</i>	<i>Employees Hired On or After January 1, 2013 (Not Prior CalPERS Members)</i>
Benefit Formula	2.7% @ age 55	2.0% @ age 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Minimum Retirement Age	50	50
Monthly Benefits as % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Employee Normal Cost	8.0% ⁽¹⁾	6.5% ⁽¹⁾
Employer Normal Cost Rate	10.88% ⁽²⁾	10.88% ⁽²⁾

⁽¹⁾ Employees are required to make the full employee contribution themselves. The City does not make any portion of the employee contribution.

⁽²⁾ The Employer Normal Cost Rate shown is a blended rate for all benefit groups in the plan. For a breakout of the normal cost by benefit group, refer to the most recent actuarial valuation.

Source: City.

Contributions to the City’s pension plan consist of: (a) contributions from plan participants (i.e., employees); and (b) contributions by the City.

City employees who were hired on or after January 1, 2013 and who were not previously CalPERS members receive benefits based on 2.0% at age 62 formula. Such employees are required to make the full amount of required employee contributions themselves under the California Public Employees’ Pension Reform Act of 2013 (“**AB 340**”), which was signed by the State Governor on September 12, 2012. AB 340

established a new pension tier for such employees. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36-month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also capped pensionable income as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

Table 18
City of Corona
Pensionable Income Caps for Calendar Year 2023 (AB 340 and Non-AB 340 Employees)

	<i>Employees Hired Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>Employees Hired On or After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$330,000	\$175,250
Maximum Pensionable Income if also Participating in Social Security	N/A	\$146,042

Source: City.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the City’s unfunded pension liability and potentially reduce City contribution levels in the long term.

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of: (i) the plan’s employer normal cost rate, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll); plus (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For Fiscal Year 2022, required employer normal cost rates as a percentage of payroll were 11.39% for Miscellaneous Plan employees. For Fiscal Year 2023, required employer normal cost rates as a percentage of payroll are 10.88% for Miscellaneous Plan employees.

For Fiscal Year 2022, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous Plan was \$8,943,627, of which \$1,550,990 was allocable to the Water Enterprise. For Fiscal Year 2023, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous Plan is \$9,471,994, of which \$1,699,138 was allocable to the Water Enterprise.

In addition to amounts that are required to be funded by CalPERS’ actuary, the City has elected to fund additional amounts to a trust that was established in 2022 under Internal Revenue Code Section 115 (the “**Pension Benefits Trust**”). The Pension Benefits Trust and investment earnings on the deposits therein are irrevocable and constitute funding contributions of the City that will be remitted to CalPERS at a later date. The City’s total pension assets include funds held by both CalPERS and the Pension Benefits Trust. The funds held in the Pension Benefits Trust are legally protected from the claims of the general creditors of the City. As of June 30, 2022, the City held \$30,102,382 in the Pension Benefits Trust.

Beginning in Fiscal Year 2018, CalPERS began collecting employer contributions toward a pension plan’s unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a

percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's unfunded liability will continue to be collected as set dollar amounts.

The City's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component that is equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2012 through 2022 report investment gains (and losses) of approximately 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3% and (6.1%), respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The City notes that CalPERS' earnings in Fiscal Year 2020 were below its investment targets as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. See the caption "THE CITY—COVID-19 Outbreak."

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. For public agencies such as the City, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under AB 340. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most retirement plans such as the City's plans. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) for pension plans. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2021 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in fall 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

Portions of the above disclosures are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City and the Underwriter cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The City's Miscellaneous Plan had a total net pension liability of \$71,283,510 for Fiscal Year 2022 (as of the measurement date of June 30, 2021), of which approximately \$12,787,224 was attributable to the Water Enterprise. The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts. For Fiscal Years 2021 and 2022, the City incurred Miscellaneous Plan pension expenses of \$12,842,864 and \$14,920,167, respectively.

A summary of principal assumptions and methods used to determine the total pension liability for the City's Miscellaneous pension plan for Fiscal Year 2022 is shown below.

Table 19
City of Corona
Actuarial Assumptions for CalPERS Miscellaneous Plan

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.50%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data from a 2017 actuarial experience study for the period from 1997-2015.

Source: City.

The Schedule of Funding Progress below shows the City's total pension liability for its Miscellaneous CalPERS plan, CalPERS assets and the relationship of the total pension liability to such assets. Moneys held in the Pension Benefits Trust are *excluded* from the below figures.

Table 20
City of Corona
Schedule of Funding Progress – CalPERS Miscellaneous Plan

<i>Valuation Date</i> ⁽¹⁾	<i>Accrued Liability</i>	<i>Market Value of Assets</i> ⁽²⁾	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/17	\$341,540,593	\$214,304,449	\$127,236,144	62.7%	\$23,897,541
06/30/18	364,095,480	238,185,795	125,909,685	65.4	22,576,720
06/30/19	377,392,462	256,203,189	121,189,273	67.9	23,806,663
06/30/20	387,945,232	264,290,618	123,654,614	68.1	24,269,621
06/30/21	409,759,952	320,651,806	89,108,146	78.3	26,963,410

⁽¹⁾ Figures are as of the measurement dates of June 30 of the years 2016 through 2021, which apply to the Fiscal Years ended June 30, 2017 through 2022, respectively.

⁽²⁾ *Excludes* moneys held in Pension Benefits Trust.

Source: City.

Changes in the net pension liability for the City’s Miscellaneous pension plan in Fiscal Year 2022 were as follows:

Table 21
City of Corona
Changes in CalPERS Miscellaneous Plan Net Pension Liability⁽¹⁾

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2020	\$ 381,800,134	\$ 261,071,755	\$ 116,728,379
Balance at June 30, 2021	391,954,876	320,671,366	(45,444,869)
Net Changes for period from July 1, 2020 through June 30, 2021	\$ 10,154,742	\$ 55,599,611	\$ 71,283,510

⁽¹⁾ The City issued Pension Obligation Bonds in the aggregate principal amount of \$276,710,000 on October 14, 2021, resulting in a significant reduction in the City’s net pension liability. See the subcaption “—Pension Obligation Bonds” below.

Source: City.

The table below presents the net pension liability of the City’s Miscellaneous pension plan, calculated using the discount rate applicable to Fiscal Year 2022 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the Fiscal Year 2022 rate:

Table 22
City of Corona
Sensitivity of CalPERS Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate

<i>Plan’s Net Pension Liability/(Asset)</i>	<i>Discount Rate – 1% (6.15%)</i>	<i>Applicable Discount Rate (7.15%)</i>	<i>Discount Rate + 1% (8.15%)</i>
Miscellaneous Plan	\$124,555,575_	\$71,283,510	\$27,636,807

Source: City.

For additional information relating to the City’s CalPERS Miscellaneous pension plan, see Note 13 to the City’s audited financial statements set forth in Appendix A.

Issuance of Pension Obligation Bonds. On October 14, 2021, the City issued pension obligation bonds in the aggregate principal amount of \$276,710,000, the proceeds of which were applied to pay a portion of the City’s CalPERS Miscellaneous pension plan liability, among other things. The pension obligation bonds are *not* secured by a pledge and lien on or payable from Net Revenues of the Water Enterprise. However, the issuance of the pension obligation bonds is expected to reduce the pension plan liability that is attributable to the Water Enterprise over the long term.

Other Post-Employment Benefits. In addition to the pension benefits that are described under the subcaption “—Pension Obligations,” the City provides certain health care and life insurance benefits (“OPEB”) for retired employees and eligible dependents. OPEB is provided for retired employees who are age 50 or over (52 for AB 340 members), have a minimum of 5 years of service with the City.

The contribution requirements of OPEB plan members and the City are established under memoranda of understanding with the City’s employee associations. See the caption “THE CITY—Employees.”

Currently, contributions are not required from plan members. The annual contribution amount is based on the actuarially determined employer contribution. The City elected to prefund its OPEB obligation through the California Employers' Retiree Benefit Trust Program ("CERBT"), a trust fund established under Internal Revenue Code Section 115 which is dedicated to prefunding OPEB for eligible California public agencies. CERBT is administered by CalPERS' Board. In Fiscal Years 2021 and 2022, the City's cash contribution to its OPEB plan was \$10,489,894 and \$10,744,736, respectively, of which \$2,038,072 and \$2,192,537, respectively, was made to CERBT, with the remainder consisting of either direct payment to service providers or reimbursement to retirees. The City has budgeted to contribute \$9,983,374 to its OPEB plan, including \$1,014,075 to CERBT, in Fiscal Year 2023. CERBT assets are irrevocable and may not be used for any purpose other than funding OPEB.

Governmental Accounting Standards Board Statement No. 75 ("GASB 75") requires governmental agencies to account for and report the outstanding obligations and commitments related to OPEB in essentially the same manner as for pensions. While requiring the City to disclose the unfunded actuarial accrued liability and the Actuarially Determined Contribution (the actuarial value of benefits earned during a Fiscal Year plus costs to amortize the unfunded actuarial accrued liability, or "OPEB ADC") in its financial statements, GASB 75 does not require the City to fund the OPEB ADC. The OPEB ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The City's OPEB contributions for the last five Fiscal Years were as follows:

Table 23
City of Corona
OPEB Contributions

<i>Fiscal Year Ended June 30</i>	<i>Actuarially Determined Contribution</i>	<i>City OPEB Contribution</i>	<i>Deficiency/ (Excess)</i>	<i>Covered Payroll</i>
2018	\$10,443,091	\$10,445,297	\$ (2,206)	\$63,618,121
2019	10,760,239	10,006,129	754,110	62,361,582
2020	11,087,025	11,847,476	(760,451)	67,841,626
2021	10,481,185	10,489,894	(8,709)	68,613,350
2022	10,744,736	10,744,736	-	74,680,408

Source: City.

As of June 30, 2022, the City OPEB plan was 44.48% funded. The actuarial accrued liability for benefits was \$153,409,280 and the actuarial value of assets was \$68,231,791, resulting in an unfunded actuarial accrued liability (the "OPEB UAL") of \$85,177,489. The covered payroll (annual payroll of active employees covered by the plan) was \$68,613,350 and the ratio of the OPEB UAL to the covered payroll was 124.14%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement and mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Changes in the net liability for the City's OPEB plan were as follows.

**Table 24
City of Corona
Changes in OPEB Liability**

	<i>Increase / (Decrease)</i>		
	<i>Total OPEB Plan Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Plan Liability / (Asset)</i>
Balance at June 30, 2020	\$144,144,989	\$51,771,433	\$92,373,556
Balance at June 30, 2021	<u>153,409,280</u>	<u>68,231,791</u>	<u>85,177,489</u>
Net Changes for period from July 1, 2020 through June 30, 2021	\$ 9,264,291	\$16,460,358	\$ (7,196,067)

Source: City.

The following table presents the net liability of the City’s OPEB plan, calculated using the discount rate applicable to Fiscal Year 2022 (6.05%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.05%) or 1 percentage point higher (7.05%) than the Fiscal Year 2022 rate:

**Table 24
City of Corona
Sensitivity of OPEB Plan Net Liability to Changes in the Discount Rate**

	<i>Discount Rate – 1% (5.05%)</i>	<i>Applicable Discount Rate (6.05%)</i>	<i>Discount Rate + 1% (7.05%)</i>
Plan’s Net Liability/(Asset)	\$105,242,629	\$85,177,489	\$68,709,503

Source: City.

The City’s projections of operating expenses shown under the caption “—Projected Operating Results and Debt Service Coverage” do not assume further unusual increases in OPEB funding expenses. However, future changes in OPEB funding policies and assumptions, including those related to assumed rates of investment return and inflation, could trigger increases in the City’s annual required contributions, and such increases could be material to the finances of the Water Enterprise. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB will have a material adverse effect on the ability of the City to pay the 2023 Bonds.

For additional information relating to the City’s OPEB plan, see Note 14 to the City’s audited financial statements set forth in Appendix A.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of

services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIII B generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that its charges for water service do not exceed the costs that it reasonably bears in providing such service and therefore are not subject to the limits of Article XIII B. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant” for a description of the City’s covenant to set rates and charges for water service.

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIII C and XIII D to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for water service are a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fees or charges may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless

that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIID did not apply to charges for water and wastewater services that are “primarily based on the amount consumed” (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “**Bighorn Case**”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The State Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City has complied with the notice and public hearing requirements of Article XIID in determining whether to change Water Enterprise rates and charges since at least 2007.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the “**SJC Case**”) upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage, including the capital costs of improvements to provide additional increments of water. The opinion included a finding that the City of San Juan Capistrano did not make any attempt to calculate the actual costs of providing water at various tier levels. The City’s current residential water rate structure includes tiered rates based on usage. The City has reviewed the *SJC Case* decision and does not expect the decision to affect its rate structure. The City believes that its current water rates comply with the requirements of Proposition 218 because they are tied to the cost of service and capital improvements, and expects that any future water rate increases will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (2020) 9 Cal.5th 1105 holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and the City does not believe that Article XIIC grants to the voters within the City the power (whether by initiative under Article XIIC or otherwise, or by referendum, which is not authorized under Article XIIC) to repeal or reduce rates and charges for water service in a manner that would interfere with the contractual obligations of the City or the obligation of the City to maintain and operate the Water Enterprise. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the 2023 Bonds. Remedies that are available to Beneficial Owners of the 2023 Bonds in the event of a default by the City are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the 2023 Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the 2023 Bonds and the rights and remedies of the 2023 Bond Owners will be exercised through the procedures of DTC.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 applies to charges imposed or increased after November 2, 2010 and provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The City believes that its water rates and charges meet the exception that is described in clause (g) above and are not taxes under Proposition 26.

Future Initiatives

Articles XIII B, XIII C and XIII D and Proposition 26 were adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiatives could be proposed and adopted affecting the Utility Authority’s revenues or ability to increase revenues.

CERTAIN RISKS TO BONDHOLDERS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2023 Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2023 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the 2023 Bonds.

Limited Obligations

The obligation of the Utility Authority to pay the 2023 Bonds is a limited obligation of the Utility Authority and is not secured by a legal or equitable pledge or charge or lien upon any property of the Utility Authority, the City or any of their respective incomes or receipts, except the Net Revenues. The obligation of the Utility Authority to pay the 2023 Bonds does not constitute an obligation for which the general credit or taxing power of the Utility Authority or the City is pledged.

Accuracy of Assumptions

To estimate the revenues that will be available to pay debt service on the 2023 Bonds, the Utility Authority has made certain assumptions with regard to the rates and charges to be imposed in future years, the expenses associated with operating the Water Enterprise and the interest rate at which funds will be invested.

The Utility authority believes these assumptions to be reasonable, but to the extent that any of these assumptions fail to materialize, the Net Revenues available to pay debt service on the 2023 Bonds will, in all likelihood, be less than those projected herein. See the caption “WATER ENTERPRISE FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage.” The Utility Authority may choose, however, to maintain compliance with the rate covenant that is set forth in the Indenture in part by means of contributions from other available reserves or resources. In such event, Net Revenues may generate amounts which are less than 125% of Debt Service in any given Fiscal Year. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant.”

System Demand

There can be no assurance that the demand for potable or recycled water services will occur as described in this Official Statement. Reductions in demand could require an increase in rates or charges in order to comply with the rate covenant. Demand for potable or recycled water services could be reduced as a result of hydrological conditions, conservation efforts (including in response to drought), an economic downturn or other factors. See the captions “THE WATER ENTERPRISE—Water Enterprise Rates and Charges” and “—Accuracy of Assumptions.”

System Expenses

There can be no assurance that the City’s expenses will be consistent with the descriptions in this Official Statement. Operation and maintenance costs may vary with labor costs (including costs related to pension liabilities and the costs of retaining qualified personnel with the proper certifications to operate Water Enterprise treatment and other facilities), treatment costs, energy costs, regulatory compliance costs, increased costs to access groundwater due to land subsidence or falling water tables, increased imported water purchase costs and other factors. Increases in expenses could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant.” Rate increases are subject to the provisions of Proposition 218 and there can be no assurance that the City will be able to increase rates as needed to address increases in Water Enterprise expenses. See the caption “—Rate-Setting Process under Proposition 218.”

Limited Recourse on Default

If the Utility Authority defaults on its obligation to pay the principal of and interest on the 2023 Bonds, the Trustee has the right to declare the total unpaid principal of the 2023 Bonds, together with the accrued interest thereon to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the Utility Authority will have sufficient funds to pay the accelerated amounts due on the 2023 Bonds from Net Revenues.

Rate-Setting Process under Proposition 218

Proposition 218, which added Articles XIII C and XIII D to the State Constitution, affects the City’s ability to maintain existing rates and impose rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result of majority protest or initiative, the Utility Authority might thereafter be unable to generate Net Revenues in the amounts required by the Indenture to pay the 2023 Bonds. The City believes that its current water rates approved by the City Council were effected in compliance with the notice, public hearing and majority protest provisions of Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Statutory and Regulatory Compliance

Laws and regulations governing the treatment and distribution of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Water Enterprise for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water Enterprise or from other legally available sources. In addition to claims by private parties, changes in the standards for public agency water systems such as that operated by the Utility Authority may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders could also impose substantial additional costs on the Utility Authority. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the Utility Authority to generate Net Revenues sufficient to pay the 2023 Bonds.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, earthquake, landslide, land subsidence, high winds, drought or flood, could have an adverse material impact on the economy within the City, the Water Enterprise and the revenues available for the payment of the 2023 Bonds. Portions of the Water Enterprise may be at risk of damage or destruction from unpredictable seismic activity. See the caption “THE CITY—Seismic Considerations.” The Utility Authority is not required to maintain earthquake insurance under the Indenture, and does not currently maintain such insurance. See the caption “THE CITY—Water Enterprise Insurance.”

The occurrence of natural disasters in the City’s service area could result in substantial damage to the Water Enterprise which, in turn, could substantially reduce revenue generated by the Water Enterprise and affect the ability of the City to pay the 2023 Bonds. The City maintains liability insurance for the Water Enterprise and property casualty insurance for certain portions of the Water Enterprise. However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Furthermore, as described under the caption “THE CITY—Water Enterprise Insurance,” portions of the Water Enterprise, including subsurface pipelines, are not covered by property casualty insurance. Damage to such portions of the Water Enterprise as a result of natural disasters would result in uninsured losses to the City.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a ransomware attack targeting Los Angeles Unified School District, a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers, an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal and an attack on a water treatment facility in Oldsmar, Florida.

The City’s Information Technology Department employs a multi-level cyber protection strategy that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection, intrusion detection, identity management, lateral movement detection, log monitoring and other security measures. The City contracts with third-party vendors to perform external audits of its network and to perform similar internal audits. The City has also established a Security Operations Center with third-party vendors to monitor and augment internal and external monitoring of the City’s computer systems 24 hours per day, 7 days per week.

The City conducts cybersecurity training for all staff and regular simulated phishing campaigns. Email is inspected inbound and outbound by a cloud email filtering service, and measures are in place to protect against spoofing internal addresses. The City also employs domain name system filtering and endpoint protection on its servers and desktops to catch and prevent cyberattacks. The City practices the principle of least privilege across all of its systems. It maintains regular, redundant, online and offline backups to minimize damage and allow for quick recovery in the event of an attack.

To date, the City has not experienced a successful attack against its network and servers. However, there can be no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature due to its backup/restore procedures, utilization of third-party incident response teams and disaster recovery planning.

Limitations on Remedies

The ability of the Utility Authority to comply with its covenants under the Indenture and to generate Net Revenues in amounts that are sufficient to pay principal of and interest on the 2023 Bonds may be adversely affected by actions and events outside of the control of the City or the Utility Authority or actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” Furthermore, the remedies available to the owners of the 2023 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. In the event that the Utility Authority fails to comply with its covenants under the Indenture or fails to pay principal of and interest on the 2023 Bonds, there can be no assurance as to the availability of remedies adequate to protect the interest of the holders of the 2023 Bonds.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State. The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2023 Bonds will be subject to such limitations, and the various other legal opinions to be delivered concurrently with the issuance of the 2023 Bonds will be similarly qualified. See Appendix C.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may the exercise by the United States of America of the powers delegated to it by the federal Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 2023 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Water Enterprise serves an essential public purpose.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2023 Bonds or, if a secondary market exists, that the 2023 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Parity Obligations

The Indenture permits the Utility Authority to enter into additional Parity Obligations which are payable from Net Revenues on a parity with the 2023 Bonds, subject to the terms and conditions set forth therein. The entry into of additional Parity Obligations could result in reduced Net Revenues available to pay the 2023 Bonds. The City has covenanted to maintain Debt Service coverage of 125%, as further described under the caption “SECURITY FOR THE 2023 BONDS—Additional Indebtedness.”

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the Water Enterprise’s finances by requiring greater expenditures to counteract the effects of climate change, by changing the business and activities of Water Enterprise customers or by increasing the cost or decreasing the availability of water supplies from MWD and/or WMWD. See the captions “—System Expenses” and “THE WATER ENTERPRISE—Drought Declarations.”

In March 2019, the City adopted an updated Climate Action Plan (the “CAP”), which has four primary goals: (i) to measure the City’s greenhouse gas (“GHG”) emissions; (ii) to establish GHG emissions reduction targets within designated timeframes; (iii) to undertake actions to meet the GHG emissions reduction targets; and (iv) to develop adaptive strategies to cope with the effects of climate change. The CAP is intended to keep dollars in the local economy, create new green jobs and improve the community’s health, safety, and welfare by addressing climate change.

The City’s target is to reduce GHG emissions 49% below 2008 levels by 2030 and 66% below 2008 levels by 2040. In order to achieve these targets, the City intends to increase energy and water efficiency in residences and commercial buildings through training, education, renovations and offering rebates in partnership with energy providers, promote the planting of trees throughout the City, utilize light reflecting technology on roofs and paved surfaces, reduce vehicle miles traveled and solid waste generation and promote clean energy such as solar panels, among other efforts. Adaptive strategies include creating cooling centers at public spaces, encouraging development that has a lower demand for water and energy, prioritizing infrastructure improvements, encouraging buffer space between development and wildfire-prone areas and ensuring that the City has adequate staff and funding to implement the foregoing efforts.

Rate Covenant Not a Guarantee

The 2023 Bonds are payable from Net Revenues of the Water Enterprise. See the caption “SECURITY FOR THE 2023 BONDS.” The Utility Authority’s ability to pay debt service on the 2023 Bonds depends on its ability to generate Net Revenues at the levels required by the Indenture. Although the Utility Authority has covenanted in the Indenture to impose rates and charges as more particularly described under the caption “SECURITY FOR THE 2023 BONDS—Rate Covenant,” and although the Utility Authority expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in amounts that are sufficient to pay the 2023 Bonds. Among other matters, the availability of and demand for water and changes in law and government regulations could adversely affect the amount of Net Revenues realized by the Utility Authority.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2023 Bonds, the Utility Authority has covenanted in the Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2023 Bonds under Section 103 of the Code. Interest on the 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such 2023 Bonds as a result of acts or omissions of the Utility Authority in violation of this or other covenants in the Indenture applicable to the 2023 Bonds. The 2023 Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See the caption “TAX MATTERS.”

Taxpayer Protection and Government Accountability Act Initiative

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and self-titled by its sponsors as the “Taxpayer Protection and Government Accountability Act,” had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.” The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things:

- Initiative 1935 would amend Article XIII C to state that every levy, charge or exaction of any kind imposed by local law is either a “tax” or an “exempt charge,” and would amend the definition of “tax” added to Article XIII C by Proposition 26 to state that “every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge” constitutes a tax. Initiative 1935 narrows the definition of “exempt charge” to mean a “reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the *actual costs* [as opposed to the reasonable costs] of providing the service or product to the payor.” “Exempt charges” also encompass existing exceptions from the definition of “tax” added to Article XIII C by Proposition 26. “Actual costs” is defined in Initiative 1935 to mean “the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor ... where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing “actual cost” the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 would retain an exemption from the definition of “tax” for assessments, fees or charges which are subject to Article XIII D.

- Initiative 1935 would amend Article XIII C to state that only the governing body of a local government, or an elector acting pursuant to the initiative power, has the authority to impose an exempt charge, and that exempt charges must be imposed by an ordinance specifying the type of exempt charge and the amount or rate of the exempt charge to be imposed, and passed by the governing body, other than for certain exempt charges imposed for a specific health care service. In addition, Initiative 1935 would amend Article XIII C to prohibit the submission to or approval by the electors of a charter city of any amendment to a municipal charter which provides for the imposition, extension or increase of a tax or exempt charge.

- Initiative 1935 would amend Article XIII C to require the title, summary and ballot label or questions for a measure providing for the imposition of a tax to include: (a) the type and amount or rate of the tax; (b) the duration of the tax; and (c) the proposed use of the revenue derived from the tax; and (d) if the proposed tax is a general tax, the phrase “for general government use.” In addition, no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could or should be used for specific purposes.

- Initiative 1935 would amend Article XIII C to require that any special tax, whether proposed by the governing body or by an elector, be approved by a two-thirds vote of the electorate.

- Initiative 1935 would amend Article XIII C to state that the local government bears the burden of proving by *clear and convincing evidence* (as opposed to a preponderance of the evidence) that: (a) a levy, charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

- Initiative 1935 would amend Article XIII C to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The City cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the City.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the 2023 Bonds is subject to the approval of Best Best & Krieger LLP, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix C, and such legal opinion will be attached to each 2023 Bond. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney, for the Underwriter by its counsel, Kutak Rock LLP, and for the Trustee by its counsel.

LITIGATION

At the time of delivery of and payment for the 2023 Bonds, the Utility Authority will certify substantially to the effect that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Utility Authority, threatened against the Utility Authority affecting the existence of the Utility Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2023 Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the 2023 Bonds, the Indenture, or any action of the Utility Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Utility Authority or its authority with respect to the 2023 Bonds or any action of the Utility Authority contemplated by any of said documents, nor to the knowledge of the Utility Authority, is there any basis therefor.

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Bond Counsel is of

the further opinion that interest on the 2023 Bonds is not a specific preference item for purposes of federal alternative minimum taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023 Bonds. The Utility Authority has covenanted to comply with certain restrictions designed to insure that interest on the 2023 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2023 Bonds being included in federal gross income, possibly from the date of original issuance of the 2023 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2023 Bonds may adversely affect the value of, or the tax status of interest on, the 2023 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals are announced from time to time which generally would limit the exclusion from gross income of interest on obligations like the 2023 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2023 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Certain requirements and procedures contained or referred to in the Indenture, the tax certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2023 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the exclusion from gross income of interest on any 2023 Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Best Best & Krieger LLP.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2023 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2023 Bonds might be affected as a result of such an audit of the 2023 Bonds (or by an audit of other similar bonds).

Although Bond Counsel is of the opinion that interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Bonds may otherwise affect an Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the 2023 Bond Owner or the Owner’s other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the 2023 Bonds is attached hereto as Appendix C.

RATING

The Utility Authority expects that S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), will assign the 2023 Bonds the rating of “[]”. Future events could have an adverse

impact on the rating of the 2023 Bonds, and there is no assurance that any credit rating that is given to the 2023 Bonds will be maintained for any period of time or that the rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such qualification, downgrade, lowering or withdrawal of the rating may have an adverse effect on the market price of the 2023 Bonds. The rating reflects only the views of S&P (which views and criteria could change at any time), and an explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it (which may include information and material from the City or the Utility Authority that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The Utility Authority has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the 2023 Bonds with EMMA. See the caption “CONTINUING DISCLOSURE” and Appendix E. Notwithstanding such covenant, information relating to rating changes on the 2023 Bonds may be publicly available from the rating agencies prior to the time that such information is provided to the City or the Utility Authority and prior to the date by which the Utility Authority is obligated to file a notice of rating change. Purchasers of the 2023 Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the 2023 Bonds after the initial issuance of the 2023 Bonds.

In providing a rating on the 2023 Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Indenture. The Utility Authority makes no representations as to any such calculations, and such calculations should not be construed as a representation by the Utility Authority or the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

MUNICIPAL ADVISOR

The City has retained CSG Advisors Incorporated, San Francisco, California, as municipal advisor (the “**Municipal Advisor**”) in connection with the issuance of the 2023 Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The 2023 Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), pursuant to a purchase contract, dated the date hereof (the “**Purchase Contract**”), by and between the Utility Authority and the Underwriter. Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the 2023 Bonds for an aggregate purchase price of \$_____ (representing the principal amount of the 2023 Bonds, plus an original issue premium of \$_____, and less an Underwriter’s discount of \$_____). The Purchase Contract provides that the Underwriter will purchase all of the 2023 Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2023 Bonds to certain dealers (including dealers depositing 2023 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

CONTINUING DISCLOSURE

The Utility Authority has covenanted in a Continuing Disclosure Certificate, dated the date of issuance of the 2023 Bonds, for the benefit of the holders and Beneficial Owners of the 2023 Bonds to provide certain financial information and operating data relating to the Water Enterprise by not later than April 1 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing on April 1, 2024 with the report for the Fiscal Year ended June 30, 2023, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Utility Authority with EMMA, which is maintained on the Internet at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12.

Certain Fiscal Year 2019 information required to be updated under continuing disclosure undertakings by the City's redevelopment successor agency was filed approximately 23 days after the date when such information was due. In addition, certain Fiscal Year 2022 information required to be updated under continuing disclosure undertakings for the 2012 Bonds and wastewater revenue bonds issued by the Utility Authority was filed one day after the date when such information was due. Except as set forth in the two prior sentences, the City, the Utility Authority and their related entities have not failed to comply in all material respects with their continuing disclosure undertakings in the last five years.

In order to assure compliance with its continuing disclosure obligations going forward, the City has adopted continuing disclosure compliance policies and procedures as part of its debt management policy. See the caption "THE CITY—Governance and Management—Management Policies—Debt Management Policy." In addition, the City retains third party consultants (Willdan Financial Services and Spicer Consulting) to assist with its continuing disclosure obligations.

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel and counsel to the Underwriter are contingent upon the issuance and delivery of the 2023 Bonds.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2023 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Utility Authority and the City.

CORONA UTILITY AUTHORITY

By: _____
President

CITY OF CORONA

By: _____
General Manager

APPENDIX A
FINANCIAL STATEMENTS

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

[TO COME FROM BOND COUNSEL]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the 2023 Bonds, Best Best & Krieger LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[TO COME FROM BOND COUNSEL]

APPENDIX D

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Utility Authority and the City believe to be reliable, but the Utility Authority and the City take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023 Bond will be issued for each annual maturity of the 2023 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose

accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023 Bonds documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Utility Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Utility Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Utility Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Utility Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2023 Bond Owner shall give notice to elect to have its 2023 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2023 Bond by causing the Direct Participant to transfer the Participant's interest in the 2023 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2023 Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023 Bond are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023 Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Utility Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Utility Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2023 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2023 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2023 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2023 Bonds, the Utility Authority proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Corona Utility Authority (the “Utility Authority”) in connection with the issuance of the \$_____ Corona Utility Authority 2023 Water Revenue Refunding Bonds (Water Projects) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), by and between The Bank of New York Mellon Trust Company, N.A., as trustee, and the Utility Authority. The Utility Authority covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Utility Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the Utility Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated May __, 2023 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The Utility Authority shall provide not later than each April 1 following the end of its Fiscal Year (commencing April 1, 2024 with a report for Fiscal Year 2023) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Utility Authority is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Utility Authority, in a timely manner, shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The combined audited financial statements of the City of Corona (the “City”) and the Utility Authority for the prior Fiscal Year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Disclosure Report and audited financial statements will be provided when and if available; and

(b) To the extent not contained in the audited financial statements, updates of the below-listed financial information and operating data relating to the Bonds and the Water Enterprise substantially similar to the information and data contained in the Official Statement; provided that such information shall be updated only for the last completed Fiscal Year prior to the filing of the Annual Report:

1. Principal amount of the Bonds outstanding.
2. An update of the information in the following tables in the Official Statement:
 - (a) Historical Water Supply in Acre Feet;
 - (b) Historical Water Enterprise Deliveries in Acre Feet;
 - (c) Historical Water Enterprise Connections;
 - (d) Ten Largest Water Enterprise Customers; and
 - (e) Historical Water Enterprise Operating Results and Debt Service Coverage (Fiscal Year Ended June 30).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or the Utility Authority or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Utility Authority shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Utility Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings of the Utility Authority; Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and
10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Utility Authority, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Utility Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after the event:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond Holders;
3. Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Utility Authority or the sale of all or substantially all of the assets of the Utility Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the Utility Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Utility Authority, any of which affect security holders, if material.

(c) If the Utility Authority determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Utility Authority shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the Utility Authority shall provide to any person financial information and operating data regarding the Utility Authority which is customarily prepared by the Utility Authority and is publicly available.

7. Termination of Obligation. The Utility Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Utility Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Utility Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Utility Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Utility Authority chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Utility Authority shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the Utility Authority to file an annual report under Section 4 hereof or to file a report of a listed event under Section 5 hereof, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Utility Authority to make such filing. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Utility Authority to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Utility Authority satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Utility Authority shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Utility Authority, the City, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: June __, 2023

CORONA UTILITY AUTHORITY

By: _____
Its: President